U.S. News
World Report

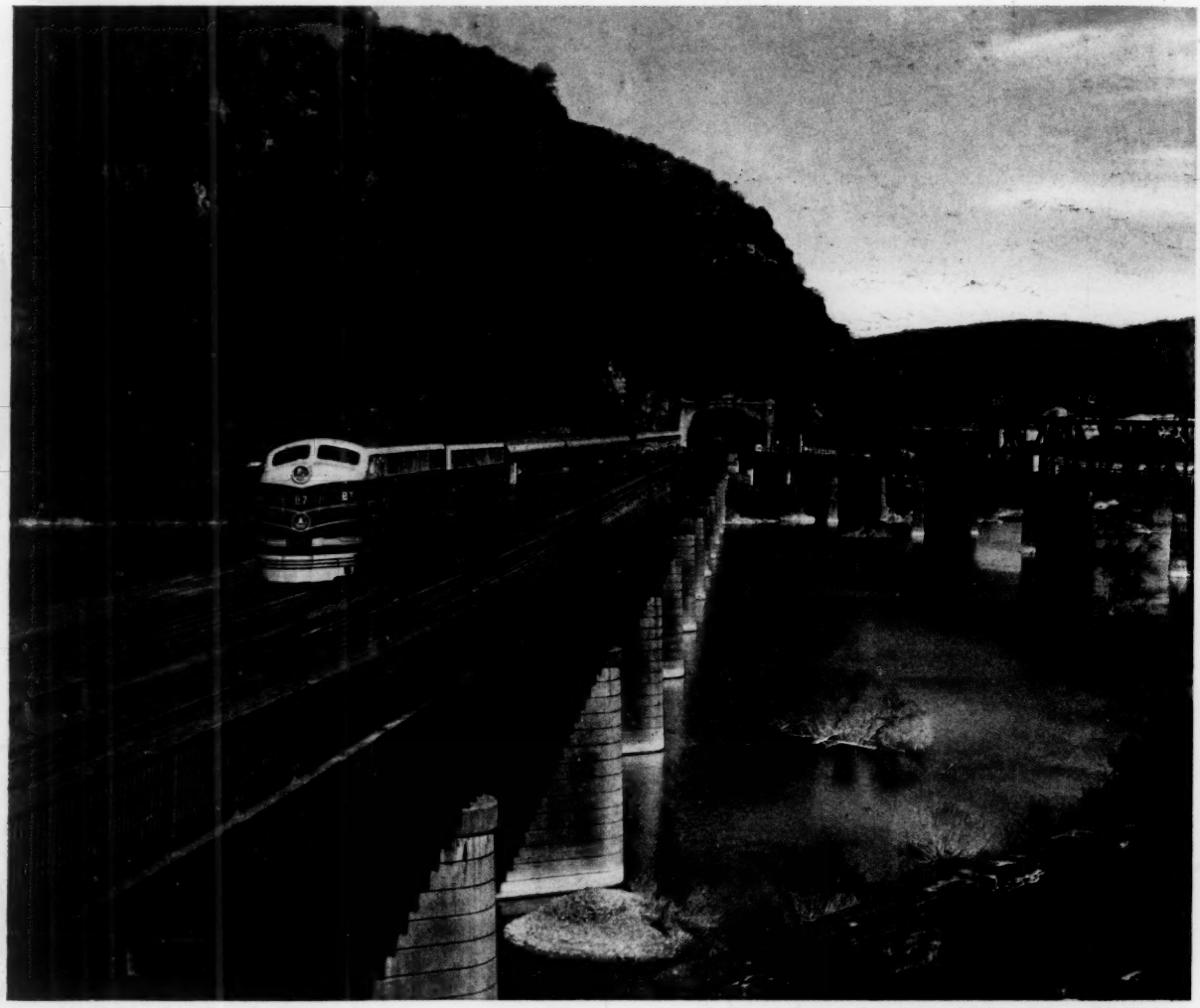
JANUARY 21, 1955 20 CENTS

WHAT'S COMING IN PRICES & PROFITS

PURDUE UNIVERSITY

TROUBLE BEHIND THE IRON CURTAIN

Keeping America on the GO...with **TIMKEN** *Tapered Roller Bearings*



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CHECK your watch at 6:33 p. m.; Baltimore and Ohio's all-Pullman *Capitol Limited* is crossing the Potomac, Chicago-bound. Enroute, passengers can enjoy scenery from the observation lounge car or the strato-dome car. Get a jump on tomorrow's business with the *Limited's* secretarial service. Relax in its handsome lounges.

What can a lowly freight learn from this luxury train?

Just this: by 8:00 a.m. tomorrow sharp, just 15½ hours but 767 miles from Washington, it will already be in Chicago.

The Timken® bearings on its axles help make this schedule possible. Now freights are profiting from the *Capitol's* example. They're turning from old-style friction bearings to Timken tapered roller bearings to eliminate the hot box problem, No. 1 cause of freight train delays.

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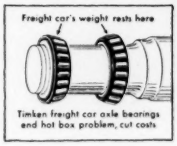
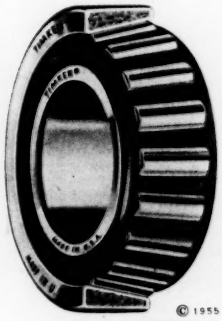
Speedier, on-time "Roller Freight" will be a boon to shippers. And when all freight is "Roller Freight", the railroads will save $190 million a year.

That's why the railroads, along with other major industries, are choosing Timken bearings to keep America on the go! The Timken Roller Bearing Company, Canton 6, Ohio. Cable address: "TIMROSCO".





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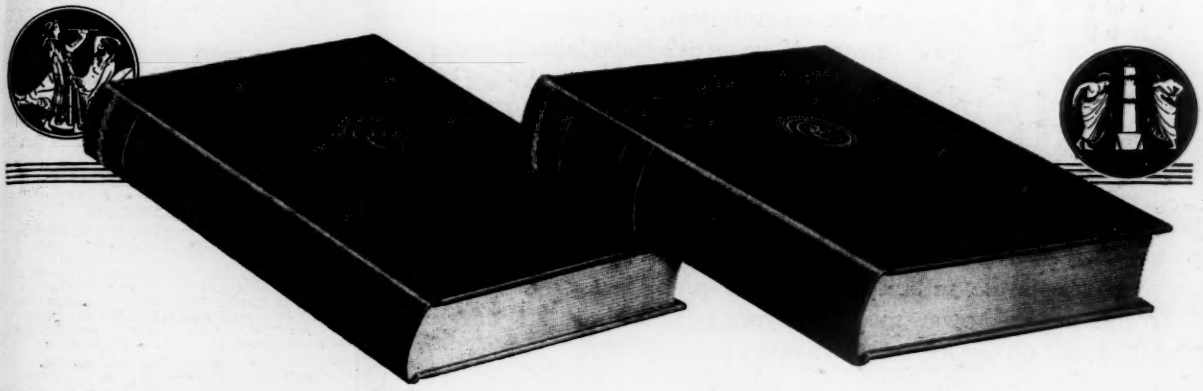

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IN THIS ISSUE

★ Turmoil in Russia: By Two Who Got Out

Here are the stories told by two men, one of them a Russian until recently in the Soviet Intelligence Service, the other an American just returned from nearly 10 years as a slave laborer under armed guard in Russia. See the exclusive interview with Nikolai E. Khokhlov starting on page 42 . . . and the interview with John H. Noble on page 48.

★ New Draft Plans as They May Affect Your Boy

What will the military manpower plan, just proposed by President Eisenhower, mean to a youngster of draft age, or one getting out of service now? Answers on page 30.

★ The Army Tells What Happened to Peress

For the Army's long-awaited account of how Dr. Irving Peress was promoted and given an honorable discharge, after declining to say whether or not he was a Communist, see page 116.

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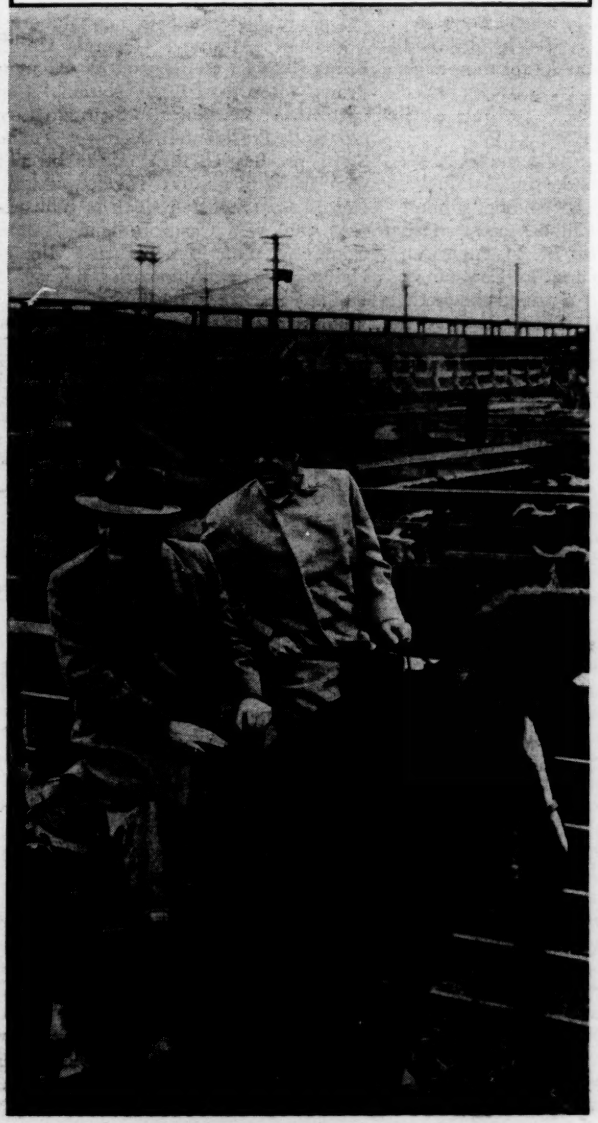
Does your banker ever do business on horseback?



THE QUIET EFFICIENCY of a bank might be a far cry from the bustle of the cattle pens in a stockyards. But the man on the right—looking over a shipment of stock from the saddle of a stockyards horse—came straight from his desk at The First National Bank of Chicago!

The banker on horseback is a loaning officer from Division A, the Division of our Commercial Banking Department that specializes in the meat packing, livestock and feed industries. He's accompanying a stockyards official on an inspection trip into the pens, because he considers current market information quite important in his job at The First.

We realize that interest like this isn't absolutely essential to making a loan. Still we feel it makes for the easiest and most mutually profitable relationship with our customers. That's why, wherever there's business or industrial activity, you're liable to find a man from the Commercial Department of The First.

You see, our Commercial Department is organized into 10 separate Divisions, each serving one group of related industries exclusively. Each Division is staffed with "industry-specialized" bankers who get out in their fields whenever they can, to study new developments firsthand.

This means that whatever *your* business, we have a group of officers with more than an average banker's interest in it. These men know markets, trends and current problems as they pertain to *your* field. They can serve you better because they know what kind of financing you want and why.

If this kind of banking appeals to you, why not talk your situation over with a loaning officer who speaks your business language? A phone call or letter will put you in touch with him today.

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(Advertisement)

Y. A. N.

—or, yachts are nice, but not essential to the enjoyment of Chivas Regal

WE met a friend recently, and he told us about the pleasant summer he had spent down on the Maine coast. He did a lot of fishing in the waters around Penobscot Bay, where pleasure craft are rather numerous in summer. And he developed a new hobby, to pass the time when the fish were indifferent to his lines.

He kept a sharp eye out for empty liquor bottles bobbing on the waves, and tried to note the brands. It was an exercise in discernment. When the labels were washed off, he had to guess the brands as well as he could from the shapes of the bottles.

In this rather difficult survey of ocean-going whisky preferences, our friend found an occasional Chivas Regal bottle easy to identify, because of its distinctive shape. And he added, "When I saw one, I knew that a sizeable yacht had passed up the coast, on its way to Bar Harbor."

That association of Chivas Regal with luxury was natural, but we should not want the implication carried too far. The 12 year old treasure known as "Scotland's Prince of Whiskies," is enjoyed by a great many people who own no yachts of any size.

In fact — to our great regret — the number of those who want to buy Chivas Regal is greater than the number of available bottles. The supply of this noble whisky is still affected by the cessation of distilling in Scotland during the war, and there is no way of hurrying 12 years of aging.

If your dealer or barman is temporarily out of Chivas Regal when you call for it, please bear with him — and with us — and give him another call on another day. The supply is being distributed with scrupulous fairness, to yacht owners and non-owners alike. We are grateful for your forbearance, and the fact that it is your good taste that has made Chivas Regal the most wanted premium Scotch in America.

•

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NEW YORK, N. Y.

The March of the News

CARIBBEAN JOURNEY

ANOTHER GOOD-WILL TOUR is in the making for Vice President and Mrs. Richard M. Nixon. They will go, early in February, to 12 Caribbean lands, will perform the same sort of function as on their round-the-world trip in 1953.

While some said Mr. Nixon was being sent abroad to get him off the political hot seat, President Eisenhower, in no uncertain terms, backed Mr. Nixon's efforts in the 1954 campaign against those who were castigating him for it. He had never heard, said Mr. Eisenhower, of the Vice President's calling the Democratic Party a party of treason, as some Democrats have claimed. He believes equally, the President said, in the loyalty and patriotism of Mr. Nixon and of those who criticize him.

BLOCKADE TALK

AS A LAST RESORT, said Adm. Arthur W. Radford, the U. S. "should support a blockade" of the Chinese coast in an effort to force release of 11 American airmen now languishing in Communist jails. Returning from a round-the-world trip, the Joint Chiefs' Chairman gave it as his opinion that such a step "would have a great effect on the Red Chinese and would be the best way to tackle such a problem."

The Joint Chiefs quickly pointed out that their Chairman was expressing only his own opinion, was "not actually advocating a blockade." President Eisenhower has said such a step would be an act of war. The fliers, meanwhile, were still in jail.

POWER BATTLE

LAWYERS for the Securities and Exchange Commission turned in a report that added fuel to the political blaze burning since the Eisenhower Administration approved the Dixon-Yates contract. SEC staff lawyers recommended that the Commission approve the construction of a private power plant to feed energy into the Tennessee Valley Authority's system. The power would replace TVA power used by the Atomic Energy Commission. The lawyers' advice is not binding on the SEC, but is usually followed.

Democrats in Congress, meanwhile, were laying plans to try to sink the Dixon-Yates contract. Senator Albert Gore (Dem.), of Tennessee, member of the Joint Atomic Energy Committee, challenged the lawyers' findings. And he and his associates were preparing for a full-scale debate that was likely to go into every phase of the Eisenhower Administration's power policies.

POLITICAL GATHERING

INVITED TO A WHITE HOUSE stag dinner was another group of Republican politicians and industrialists. With the third such dinner in the last few weeks, there was lively speculation that the guests spent their time imploring the President to run for a second term. At the top of the latest guest list was Thomas E. Dewey, a man in large measure responsible for Mr. Eisenhower's nomination in 1952. Others:

Deputy Defense Secretary Robert B. Anderson; Attorney General Herbert Brownell, Jr.; Representative Clarence Brown (Rep.), of Ohio, National Committeeman; Republican Chairman Leonard Hall; Presidential Secretary Thomas Stephens; Ray C. Bliss, Akron businessman; Paul Block, Jr., Toledo publisher; Harold Boeschenstein, Toledo industrialist; Alvin C. Cast, Indiana National Committeeman; John Feikens, Michigan National Committeeman; Roscoe C. Hobbs, St. Louis businessman; Morton Hollingsworth, Illinois National Committeeman; Len Jordan, former Idaho Governor; James S. McDonnell, Jr., St. Louis aircraft manufacturer; Don C. Pierson, Iowa National Committeeman; Eugene Pulliam, Indianapolis publisher, and Henry E. Ringling, Wisconsin National Committeeman.

QUICK TAKE-OFF

NINE-TON JET FIGHTERS, said the Air Force, now can be launched by rocket boosters from platforms mounted on trucks. F-84 Thunderjets, it was disclosed, already have been hurled into the air from such platforms, quickly gaining the 120-mile-an-hour speed necessary to remain airborne. An F-84, taking off from an airport, needs a runway a mile and a half long to get into the air.

The Air Force called the platforms the "world's smallest airports."

PRINTING WINDFALL

BACK INTO THE U. S. TREASURY went 3 million dollars, unused by a Government agency for which it had been appropriated. Public Printer Raymond Blattenberger decided he can operate the Government Printing Office with that much less money. Thanks were immediately expressed by Treasury Secretary George M. Humphrey.

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[Items appearing on this page are reported in Washington and other news centers]

Airmen to Run Defense? . . . Stassen May Replace Lodge In U. N. . . . Democrats Demanding More for Rural Roads

President Eisenhower is being informed by Democratic leaders in Congress that they will insist on much more money for farm-to-market roads if there is to be a big federal program for building superhighways.

★ ★ ★

White House economic advisers are pleased that the stock market has not tried to fight the Federal Reserve Board, which is interested in keeping speculation well in hand. Markets have calmed somewhat since the Reserve Board sounded a warning with a moderate rise in margin requirements.

★ ★ ★

The President is considering big changes in top command of this country's armed services, among both civilian and military officials. Changes may start before Charles E. Wilson, Secretary of Defense, steps out after shepherding the new military budget through Congress.

★ ★ ★

Adm. Arthur Radford, Chairman of the Joint Chiefs of Staff, is not yet assured of a second tour of duty in that position. Gen. Nathan Twining, Staff Chief of the Air Force, is expected to move up to Chairman of the Joint Chiefs if Admiral Radford does retire.

★ ★ ★

Adm. Robert Carney, Navy Staff Chief, like Admiral Radford, is not yet assured of a second tour in that top Navy job. Admiral Carney may be retired on reaching the age of 60.

★ ★ ★

Gen. Matthew Ridgway, Army Staff Chief, definitely is not to serve a second two-year tour. Gen. Alfred Gruenther, Supreme Commander of North Atlantic Treaty Organization forces in Europe, is to succeed General Ridgway as head of the U. S. Army. General Gruenther and President Eisenhower are close personal friends.

★ ★ ★

Gen. Lauris Norstad, air commander of NATO forces, will be successor to General Gruenther in the top command in Europe if the U. S. has its way. U. S. Air Force officers then would hold the highest military commands in this country and in Europe.

★ ★ ★

New concepts of U. S. defense—revolving around use of air power—are influencing Mr. Eisenhower in his approach to military command problems. It is known that Army General Ridgway is not impressed by the argument that airplanes de-emphasize the need for large ground forces.

★ ★ ★

Robert Stevens, civilian Secretary of the Army, and John Adams, Army Counselor, both are to retire before long as an aftermath of the argument about promoting Dr. Irving Peress.

★ ★ ★

Fred Seaton, former Nebraska Senator and now Assistant Secretary of Defense, is strongly supported for the job of Secretary of the Army when Secretary Stevens steps out. Sam Reynolds, who also was a Nebraska Senator for a short time, has backing of the American Legion for the post and may get the inside track.

★ ★ ★

John Foster Dulles, Secretary of State, appears to have lost out to George Humphrey, Secretary of the Treasury, in the argument over a big new aid program for nations of Asia. President Eisenhower shows no present intention to push Congress to approve a program of the type proposed by Mr. Dulles and Harold Stassen, foreign-aid administrator.

The so-called Colombo Powers, in what seems to have been a slip, have invited the white Prime Minister of the Central African Federation to attend the Afro-Asian Conference in Indonesia scheduled for April. This conference presumably was to be one of colored peoples.

★ ★ ★

Henry Cabot Lodge, U. S. representative to the United Nations, is being spoken of again for a job in Washington or for an ambassadorship. Meanwhile, Harold Stassen, present head of the Foreign Operations Administration, is being discussed as a replacement for Mr. Lodge.

★ ★ ★

Senator Alexander Wiley (Rep.), of Wisconsin, is under some fire from the Wisconsin Bar Association for insisting upon appointment of a man to a federal judgeship who lacks support of practicing lawyers of the State. Senator Joseph McCarthy favors choice of a judge from among seven lawyers approved by the bar.

★ ★ ★

Nelson Rockefeller, new White House aide, is credited with selling the President on the idea of creating an advisory commission to encourage interest and endeavor in the arts. Rockefeller philanthropies often have been interested in promoting cultural development.

★ ★ ★

Republican leaders in the House are working hard to muster a majority of Republican members for the President's tariff-reducing program. The party leaders want to quash the Democratic charge that the White House can count on more support from the opposition than from its own party when it comes to really vital issues.

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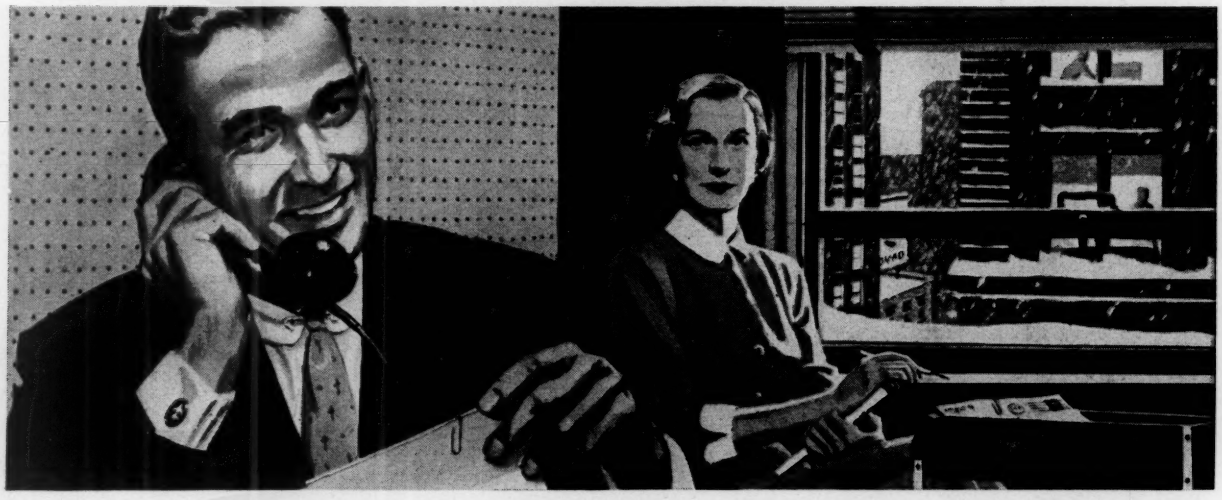

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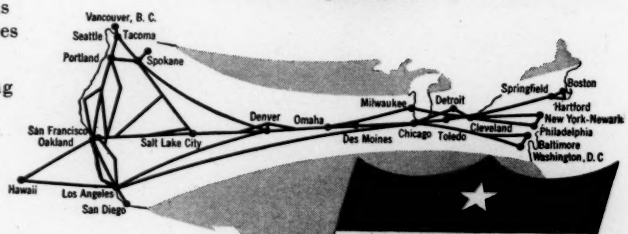

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These are broad policy decisions about which you need to know:

Tax cuts will come before debt cuts in years just ahead.

Budget balance will come through spending cuts, not tax increases.

Debt reduction is not to be a major objective. Big debt, of itself, is not viewed with alarm so long as taxable incomes remain high.

Tax cuts are regarded as a stimulant to keep incomes high and business good. Spending rise, by Government, is not favored as a stimulant.

Timetable for applying present policy decisions is this:

1955: Recovery strongly under way now. No need for tax cutting.

1956: Tax cuts to be favored to give business a new lift.

1957: A test year for business. Tax policy again to be reviewed and related to need for offsetting any tendency for business to sag.

Present taxes, for the long pull, are regarded as much too high.

Individual incomes will get more relief when taxes are cut again. High-bracket rates are felt to apply to incomes at too low an income level.

Corporation income is due for some relief in 1956, not 1955.

A general excise tax, to substitute for present excise taxes on a few selected industries, may be proposed but is unlikely to be accepted.

Capital-gains tax change is to be proposed, probably defeated.

Tax cutting in 1956 will center on individual and corporation incomes.

Budget outlook for year to start July 1 really is better than pictured by Eisenhower; is distorted a bit officially because of these things:

Income is underestimated. If present taxes are kept, recovery in the level of business will produce substantially more revenue than estimated.

Outgo is a bit overstated. Spending is running much under estimates.

That's both to be true in the bookkeeping budget and in the so-called cash budget that shows money taken from the public and paid to the public.

Outlook for the budget projected by the economic staff of "U.S. News & World Report" in the issue of January 7 seems closer to the probable.

It shows this in bookkeeping budget for the year to start July 1:

Income: 61.6 billion. Outgo: 62 billion. Deficit 400 million.

That's very close to the official estimate on spending but forecasts a good deal more income than the Treasury officially expects.

In terms of cash to be taken in and paid out starting July 1:

Cash income: 70.6 billion. Cash outgo: 67.8. Cash surplus: 2.8.

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Treasury expects little more than a balance between cash outgo and cash income. That seems too pessimistic in the light of the strong recovery that is under way now in business, adding to incomes to be taxed.

It's becoming clear that a period of tax cutting lies ahead.

Top officials are becoming worried by effect of truckling to Communists.

In Korea, U.S. made a deal, got the worst of it, now kowtows while the Communists violate the deal that was made pretty much on their terms.

In Indo-China, U.S. backed down when it came to "put up or shut up."

In the case of American soldiers, held by Communists in violation of all laws and customs, there have been hints that business can be done, that some kind of ransom can be worked out if it is done quietly enough.

The trouble is that Communists keep raising the price and then never abide by the deal after the price is paid. That's the fact now worrying some officials, making them wonder how to appear tough before the U.S. public.

Tough talk, however, tough gestures never scare Communists.

Just bear in mind, while "peaceful coexistence" is being promoted:

Khrushchev, Russia's No. 2 man, is egging on China's Communists to attack Formosa, to take islands off China's coast, to challenge U.S.

China's Communists are building up for invasion of coastal islands.

U.S., after talking big, is to be faced later with a choice of acting to stop new Communist gains or of accepting one more defeat.

The prospect: U.S. will stand aside when Communists make their attempt to take Quemoy, the Tachen islands, other island groups near Formosa. If successful against anti-Communist Chinese, Communists will add a feather to their cap, will gain another big psychological victory in Asia.

What about U.S. prisoners in China? Will they be freed? It depends on the price U.S. is willing to pay. If airmen in jail get out, will that settle things? Not at all. There are many more American soldiers still held by the Communists. Is anybody bargaining for them? It seems not. At least they are not being mentioned by officials. Are they forgotten? Nobody knows. Chances are that the U.S. prisoners are just pawns in a big, developing game.

How high a price will U.S. pay? It's hard to tell. It is difficult to know what may be in the back of the minds of high-level diplomats. Don't they talk tough at times? Yes. But what the public hears and what's going on in secret often are very different things, as recent experience has shown.

"Peaceful coexistence" with Communists generates many problems.

Draft Act is to be extended as Ike wants. Reserve plan, however, the plan for six months' service, 9½ years in active Reserves, is doubtful.

Active-Reserve idea will be modified. Idea of weekly drills for nearly 10 years, plus summer camps for the same time, is a bit hard to sell.

Best advice still seems to be this: Get schooling first. Take chance on a draft unless desirous of getting active service over with. Trend now is toward building a professional military organization with less dependence on drafted men. Draft calls, probably, will be kept low in election year 1956.

Draft boards now are largely taking men age 22 and over.

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PEOPLE ★ ★ ★

OF THE WEEK

› SENATOR WAYNE L. MORSE, one of the few politically powerful Independents ever to hold sway in the U. S. Senate, was warmly rewarded last week by Democrats for his decisive vote that assured them control of Senate organization. Mr. Morse hankered for places on three committees, Foreign Relations, Banking and Currency, District of Columbia. He got them all.

Expressions of warmth for each other were uttered by leading Democrats and by Mr. Morse, who broke with Republicans during the 1952 presidential campaign, and, as a result, lost committee assignments in the 83d Congress. The probability increased that Mr. Morse will join the Democrats in name as well as in deed before he campaigns for re-election in Oregon in 1956.

Oregon is normally Republican, and twice—in 1944 and 1950—the voters elected Mr. Morse under a Republican label. Last November, for the first time in 40 years, Oregon sent a Democrat to the Senate—Richard L. Neuberger, for whom Mr. Morse had campaigned. Indications are that Democrats would welcome him as a candidate in a State that usually goes Republican.

In the months ahead, during this session of Congress, Democrats will be working with him just as if they all bore the same label. Before the election rolls around, they will know how well they are going to get along with the Oregon Independent.

› TWO OLDTIMERS are back in the U. S. Senate after brief absences, and their return to Democratic ranks adds something more than just numerical strength to the party's slim majority. That extra something was recognized last week in the assignment of committee jobs.

Alben W. Barkley, 77, of Kentucky, the "Veep" of 1948-52, brings to top party councils a half century of experience and a mellowed, anecdotal approach to management of lawmaking and politics.

Joseph C. O'Mahoney, 70, of Wyoming, adds a voice and a vote to the Western group that espouses public power reclamation, irrigation and conservation.

Out of office, both lost their seniority claims for preferred committee assignments—seniority is based on continuous service. But in recognition of their long experience, the Senate's Democrats waived seniority requirements, restored them to old committee posts.

Thus, Mr. Barkley is back on the Foreign Relations Committee and on the Finance Committee that writes tax, tariff and other revenue laws. Mr. O'Mahoney was restored to the Judiciary Committee, and to the Interior Committee which passes on many matters affecting Western States. He was not, however, returned to the Committee on the Economic Report which he once headed with a sharp eye on monopolistic trends.

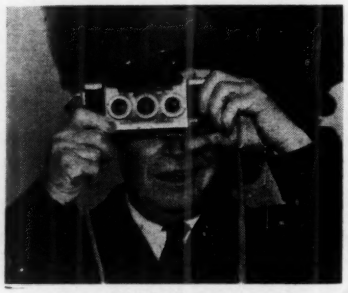
As a matter of course, Senator Barkley is being welcomed back into the Democrats' congressional high command where he served so long as floor leader under President Roosevelt and as Vice President under President Truman.

Mr. Barkley served 22 years and Mr. O'Mahoney 18 years in the Senate. They were out of office only two years before their States sent them back to Washington.

› MEN WHO DECIDED to give a speedy honorable discharge to Maj. Irving Peress now are finally disclosed in a public report by Secretary of the Army Robert T. Stevens—11 months after the

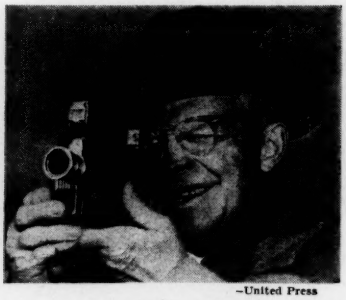
(Continued on page 14)

PICTURES OF THE PRESIDENT TAKING PICTURES . . .



. . . with 3-D camera . . .

. . . 60-second camera . . .



. . . movie camera

—United Press

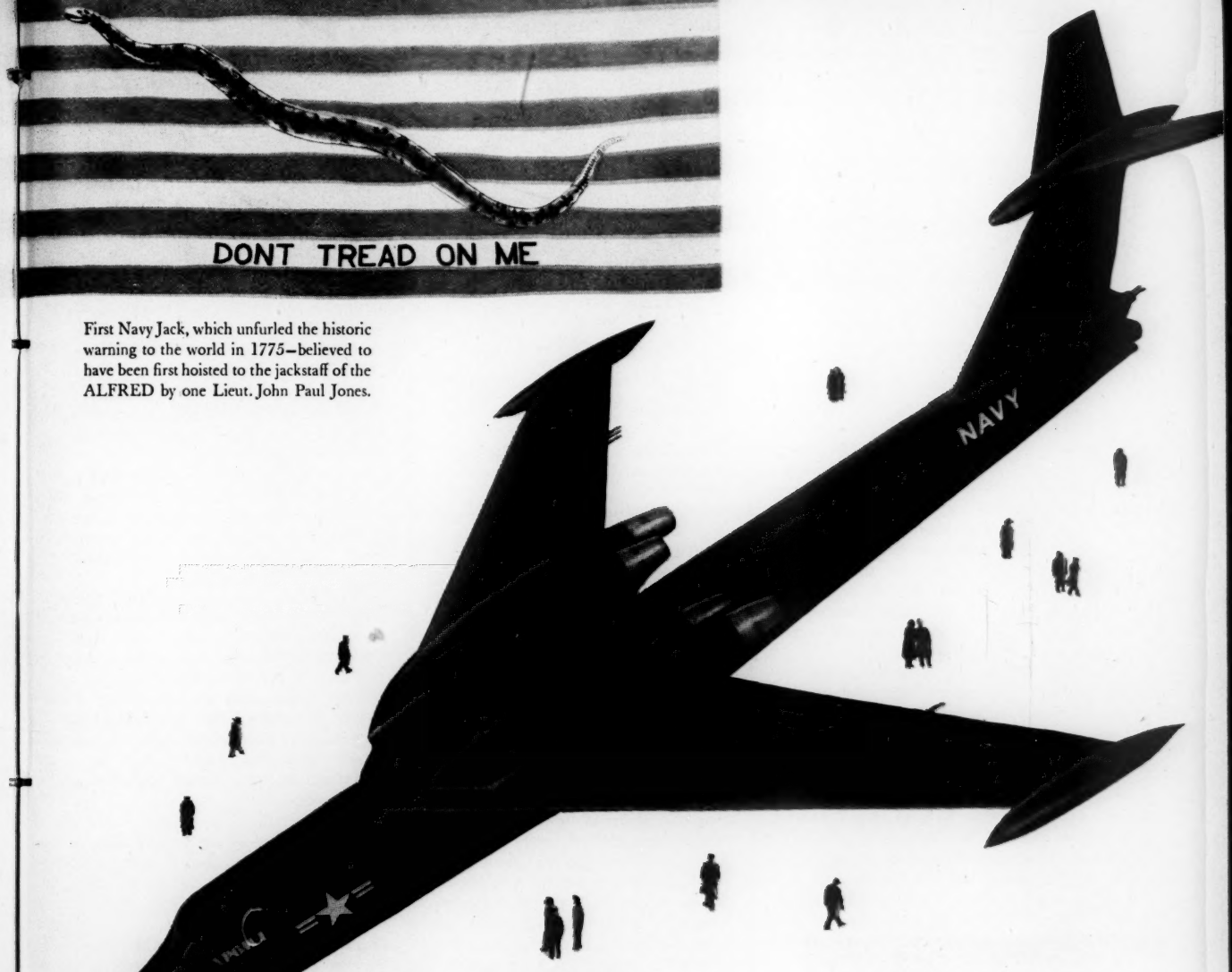
› PRESIDENT EISENHOWER is becoming an eager amateur photographer. On week-end jaunts to his mountain retreat in Maryland, to his farm home near Gettysburg and on vacation trips he takes at least one camera, sometimes two or three.

Newest photographic device to be seen in his hands is a camera that produces a finished picture, developed in the camera with built-in chemicals, in a few seconds. He took particular pleasure in showing his 5-year-old granddaughter, Barbara Ann, how the new camera worked when she accompanied him on a trip to his farm this month.

Another camera the President uses takes stereoscopic pictures. Some of his paintings are done from photographs, and the three-dimensional pictures give him life-like perspectives. He also often uses a 35-mm. still camera and a 16-mm. movie camera.

Favorite subjects of the President are his grandchildren. Sometimes he also turns his lens upon news photographers, occasionally asks their advice.

First Navy Jack, which unfurled the historic warning to the world in 1775—believed to have been first hoisted to the jackstaff of the ALFRED by one Lieut. John Paul Jones.



naval history is being made today

At 0955 on January 5th, one of the major events in naval aviation history took place.

It was the unveiling of the United States Navy's great new XP6M SeaMaster—Ship No. 1 and prototype of an entirely new concept in military aircraft.

As a component of a powerful new arm of the naval arsenal—the Seaplane Striking Force—the Martin SeaMaster focuses national attention upon a revolutionary principle of military strategy, known as the WBA* concept. Here's why:

The SeaMaster is a highly versatile 4-jet waterbased aircraft, in the over 600 MPH class, which requires no fixed base and can operate from the seas, lakes and rivers, the coastal bays, lagoons and estuaries of the world... bases unlimited!

Today the top-level talk is turning to WBA... and shown here is the reason.

*WaterBased Aircraft

MARTIN

BALTIMORE · MARYLAND

decision was made. The case of Major Peress, who claimed constitutional privilege in answer to questions about Communist affiliations, was decided by **Lieut. Gen. Walter L. Weible** and by **John G. Adams,** civilian counselor to the Army, last Feb. 1.

By that time, the case of Major Peress, a dentist, already had been going through "channels" for 10 months after First Army investigators discovered what the Army report termed "sufficient evidence of . . . subversive tendencies" to bounce the officer out of the service.

When Senator Joseph R. McCarthy (Rep.), of Wisconsin, entered the case last January, Major Peress was due for honorable discharge in 90 days. After being questioned by the Senator, the Major asked an immediate discharge; the Senator, by letter to Army officials, urged court-martial trial of the officer. At that stage, General Weible and Mr. Adams decided the discharge should go through at once, since the request conformed to Army regulations.

General Weible, 58, is little known to the public. He entered the Army in World War I as a private, took officers' training, became a Regular in 1920. In World War II and since he has been principally concerned with training and supply services, ran logistical services in Japan during the Korean war. Since October, 1953, he has been a deputy assistant Chief of Staff for operations and administration at the Pentagon.

Mr. Adams, educated as a lawyer at the University of South Dakota, was an Infantry officer in Europe in World War II. He served as director of Young Republican affairs for the party's National Committee after the war. In the Republican 80th Congress he was chief clerk of the Senate Armed Services Committee. Since early 1949 he has been on the Pentagon's legal staff.

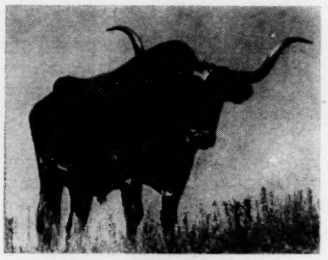
› **JOHN D. ROCKEFELLER, JR.,** gave away some more of his many millions last week with a two-sentence letter. The gift, to Sealantic Fund, Inc., a philanthropic body he set up 16 years ago, was in the form of securities worth about 20 million dollars. Its purpose: to strengthen Protestant theological education in the U. S.

Mr. Rockefeller, a Baptist as was his father, has long advocated unity of Protestant denominations. He is known as a devoutly religious man, and many of the gifts he has made have been in support of religious education.

The amount of money Mr. Rockefeller has given away is not publicly known. He leaves it to recipients to make gifts public. Those that have been disclosed total about 265 million dollars. Among the known gifts was a tract of land in New York City that he bought for 8.5 million as a site for United Nations headquarters.

Mr. Rockefeller, now 80, also has donated much money to preserve Americana—to save redwood trees, extend national parks in the wildest parts of Wyoming, restore colonial Williamsburg, Va.

KEEPER OF THE WILDS



› **NATURE'S FRIEND** in the Government—**J. C. Salyer,** who supervises 272 U. S. wildlife refuges, including four where about 500 Longhorn cattle roam—has been challenged by Texans.

Fish and Wildlife Service handed out a press release saying most remaining Longhorns are on U. S. refuges, where both these pictures were taken. Tradition-proud Texans promptly allowed they had more in Texas. It's a point that may never be settled.

When Congress decided in 1927 to preserve the vanishing Longhorn, experts looked at 30,000 Texas cattle with long horns to find 30, believed to be true descendants of original Spanish stock, to found present herds.

The Longhorn project was seven years along when Mr. Salyer came to Washington in 1934 to supervise wild-fowl sanctuaries. The program, expanded with New Deal money under his supervision, now encompasses 17.5 million acres. Its purpose is to preserve rare, threatened or historical species of birds and animals in original native conditions.

Mr. Salyer, 52, began studying wildlife as a farm boy in Missouri and Kansas. To pay for education as a fish and game biologist he trapped animals, sold some as museum specimens, sold the pelts of others for furs.

—Fish & Wildlife Service Photos

› **LIEUT. GEN. HUBERT R. HARMON,** recalled from retirement to get his pet project for an Air Force Academy out of its infancy, is finding there are many problems connected with starting a new national college.

One problem was the least expected—recruiting. The Air Force thought 5,000 or more healthy boys would want to enter the first class. Fewer than one-third that many have applied, but General Harmon expresses belief they will be "adequate" for the first class of 300.

For two years, students will use temporary classrooms at Lowry Air Force Base, Denver. The 125-million-dollar Academy is still to be built. The Academy's permanent home will be near Colorado Springs, about 65 miles south of Denver.

This isn't the first time General Harmon has set up an air school. One of his first jobs was to organize and command the ground officers' training school at Kelly Field, Texas, in 1917.

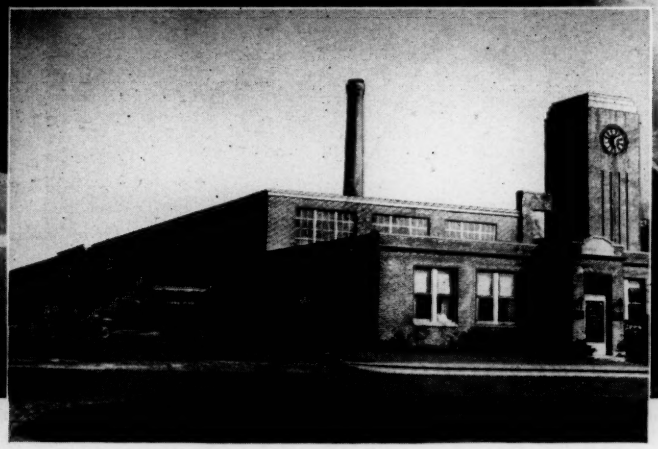
› **THE DUKE OF WINDSOR** turned up at the White House last week as a caller on President Eisenhower. It was a rare occurrence, for the Duke, who abdicated the throne of Great Britain in 1936 after a few months of sovereignty as Edward VIII, seldom makes public calls on public figures.

Sometimes, in Britain, he calls privately on Prime Minister Sir Winston Churchill, one of the few British officials who took the King's side during the abdication crisis.

Most of the time, the Duke lives in France and the United States, returns to Britain only for brief visits. He arrives in the U. S. each year about Christmastime, stays in New York and in Florida until June, then returns to France. The Duchess rarely appears in public, did not go to the White House.

Talk recently was revived in Britain that the Government should give the ex-King a job. He was governor of the Bahamas during World War II, but he has held no other public post since his abdication.

Can you guess which metalworking plant caught fire *in a flash?*



They both did! The plant going up in smoke had an early morning flash fire, which quickly enveloped the entire building in flames. 35 persons were killed; property damage estimated at $342,000.

But a flash fire also occurred early in the morning at the Spencer Thermostat Division of the Metals & Controls Corporation in Attleboro, Mass. Only this fire was promptly extinguished by a Grinnell Automatic Sprinkler System. Production wasn't even interrupted.

Grinnell Sprinklers stop fire at its source, wherever and whenever it strikes, night or day, with automatic certainty. Seventy-seven years experience proves this fact.

When you consider the far-reaching effects of a serious fire — records destroyed, employees thrown out of jobs, customers driven to other sources of supply — the cost of a Grinnell Sprinkler System is a small price to pay for around-the-clock fire protection.

As a matter of fact, a Grinnell Sprinkler System often pays for itself in a few years through reductions in insurance premiums. So, if you have fire insurance, you're probably paying for Grinnell Protection anyway . . . *why not have it?* For complete details mail the coupon below.

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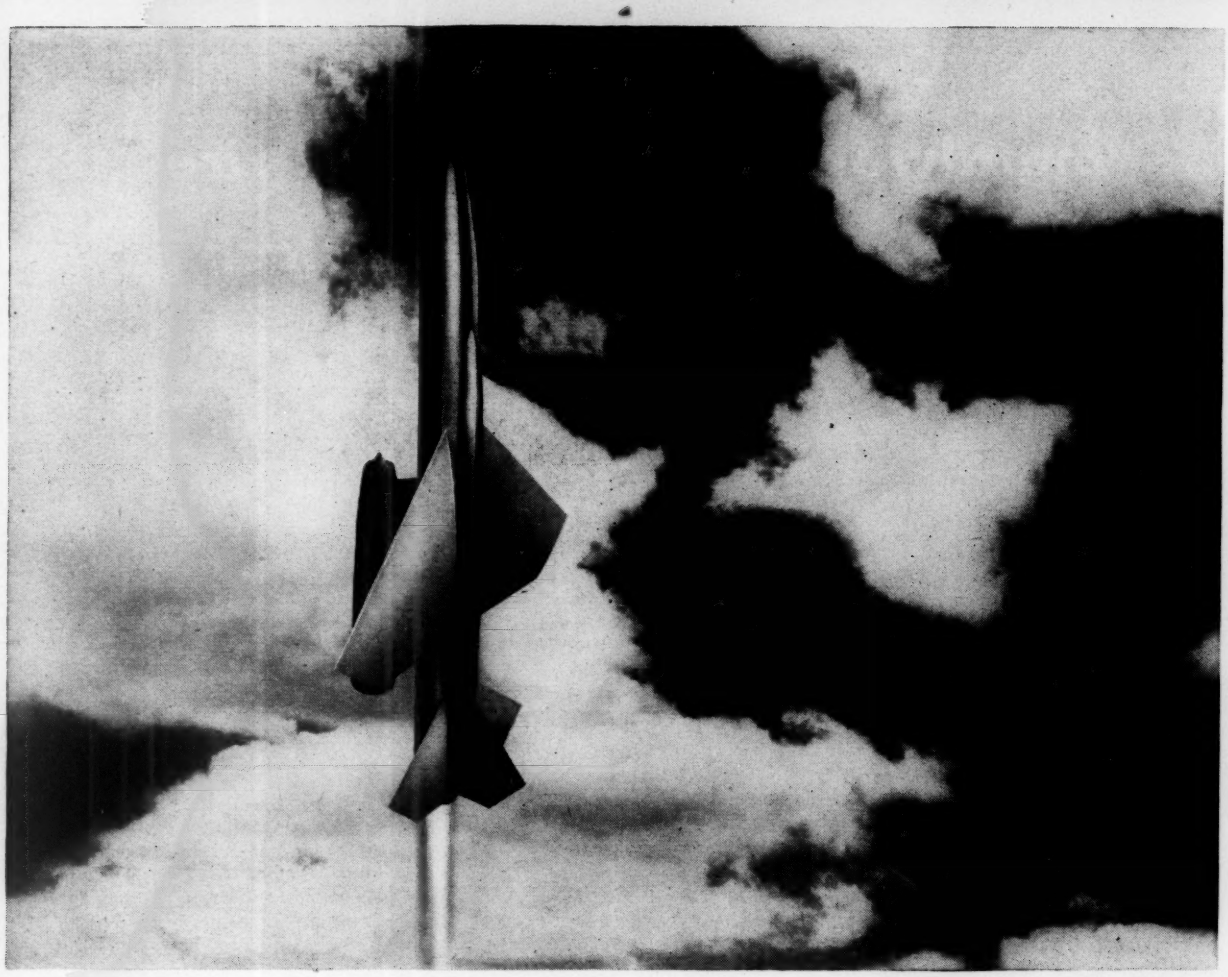


Spearhead of a new Air Force defense weapons system

One of the weapons taking an increasingly prominent position in American defense plans is the guided missile.

Like any other category of weapons, guided missiles vary in design, in complexity, and in performance. Some missiles are destined for short-range efforts. In contrast, the F-99 pilotless interceptor now being developed by Boeing in co-operation with the Air Force is a longer-range missile designed to strike high-speed enemy bombers over areas away from vital targets. While the missile is operating at supersonic speed, its flight path will be controlled by electronic devices that guide the missile into position to destroy the target aircraft.

As a part of the F-99 Bomarc missile program, Boeing engineers are developing an entirely new weapons system for air defense. It includes bases, communications, logistics and maintenance, in addition to the missile itself. Boeing's experience in the missile field goes back more than eight years. Today the company's enlarged Pilotless Aircraft Division is utilizing a steadily growing portion of Boeing's vast research and design facilities, and engineering staff.

Working of necessity behind a curtain of secrecy, Boeing missile engineers are carrying on extensive research and development in the widely diversified engineering fields required—among them rocket and ram-jet propulsion, supersonic aerodynamics and electronic guidance and control.

The development of the Bomarc system has behind it the huge engineering, research and production resources of Boeing—resources of sufficient breadth and depth to have created the jet age's outstanding bombers, the B-47 and B-52, and America's first jet transport, the Boeing 707.

Young men: You'll acquire "know how" as an airman in the United States Air Force. Opportunities for top technical schooling, world travel and a responsible position on the nation's defense team.

BOEING

TROUBLE BEHIND THE IRON CURTAIN

Capitalist Countries Booming . . . Communists in Deep Depression

Communism's heralded "wave of the future" turns out now to be a wave of hunger and want—of chaos approaching disaster.

At a time when the capitalist West is booming as seldom before, Soviet East Europe is wallowing in trouble. Evidence seeping through the Iron Curtain shows hardly anything has worked out as planned. Satellites are going downhill instead of up. Russia has trouble, too. Pressure is on the Communist dictators, and they can't agree among themselves on a method for curing their many problems.

Following is the story derived from many authoritative sources. In addition, starting on page 42, you get further accounts of what is happening in the Communist world.

Russia's rulers are running into trouble that strikes at the roots of their Communist empire.

Complaints of food shortages echo through Eastern Europe. Satellite nations, once able to export farm products, now are living on short rations. The widely heralded industrial build-up turns out to be a mess in most places. Communist officials in Russia and the satellites are being censured for inefficiency. And popular dislike of Communist rule runs just as high as ever.

Behind the Iron Curtain, spread of economic stagnation is causing real disquiet within the top ranks of the Communist Party.

That party, in the past, gained followers everywhere as the "wave of the future." It claimed to possess the only formula for producing real prosperity for everyone. The West was portrayed as dying of economic decay that would lead to depression and misery—and the collapse of capitalism.

Instead, the capitalist West is now riding high on a business boom, with an abundance of food and a growing confidence in the future. And people are beginning to wonder if the Communist idea can produce good times for anyone.

Plan that backfired. The economic mess behind the Iron Curtain has reached the point where there is open dissension among Red officials in satellite countries. In Russia, itself, whispers are heard that the troubles are causing disagreement between Premier Georgi Malenkov and the hard-driving Communist Party boss, Nikita S. Khrushchev.

Those two rulers of the Communist domain, after the death of Joseph Stalin in 1953, laid out a "new course" for Russia and its satellites.

They advertised widely that Communism, after years of doling out hardships, was ready at last to provide everyone in Eastern Europe with a "better life"—more food, clothing and shelter. But that idea, after 18 months, has failed to live up to its advance notices anywhere.

—Shoemaker in the Chicago News

"TAKE ANOTHER LOOK, GEORGI"
In the satellites, short rations

Western countries, at the same time, are thriving as never before. All over Western Europe, industrial production is 50 per cent above pre-World War II levels, and still climbing. People are buying things that a worker behind the Iron Curtain can't even dream about—food in abundance, automobiles, homes and television sets.

In the Communist bloc, Western visitors find people to be thin and hungry. Hungary's peasants come in from the once-rich countryside to look for food in the cities. East Germans write friends in the West, pleading for vitamin pills to round out their diet. Last year, Czechoslovakia and Hungary had to accept aid from the capitalist U. S. for Danube River flood victims.

Despite years of talk about Russia's new housing projects, the typical Moscow family still lives in a one-room flat. Communist cities reveal block after block of gray, shabby buildings in need of paint and plumbing repairs.

Satellite economies everywhere are disrupted by the Communist "prosperity" formula. These countries deliver goods to the Soviet Union at a loss to themselves. Industries, built up at Mos-

cow's orders, limp along for lack of raw naterials and skilled labor. Now the Balkan nations, big exporters of food before World War II, have to import grain to keep people from starving.

And dislike of Communist regimes grows among ordinary people. Party officials have to deal constantly with sabotage, absenteeism among workers, and production failures.

Country by country, this is how Communist "prosperity" really works out behind the Iron Curtain:

Russia. This country, the "utopia" of Communists everywhere, claims new records for industrial production and consumer spending in 1954. Yet top Soviet officials complain constantly about shortcomings.

Growing reports of a "bread crisis" recently were denied by Mr. Khrushchev, Russia's economic whip, but he admitted to an "apparent" lack of grain.

Meat is scarce. Russia has fewer cattle —and 50 million more people to feed— than it had under the Czars 40 years ago. Butter, costing $3 a pound, is denied the average workman in Russia.

The "big sales" in department stores that Moscow talked about a year ago are not publicized now. Instead, Mr. Khrushchev says that "certain" shortages exist in consumer goods. Just the other day, a Moscow newspaper published a complaint from Leningrad that workers' clothing "has disappeared from the stores for some time past."

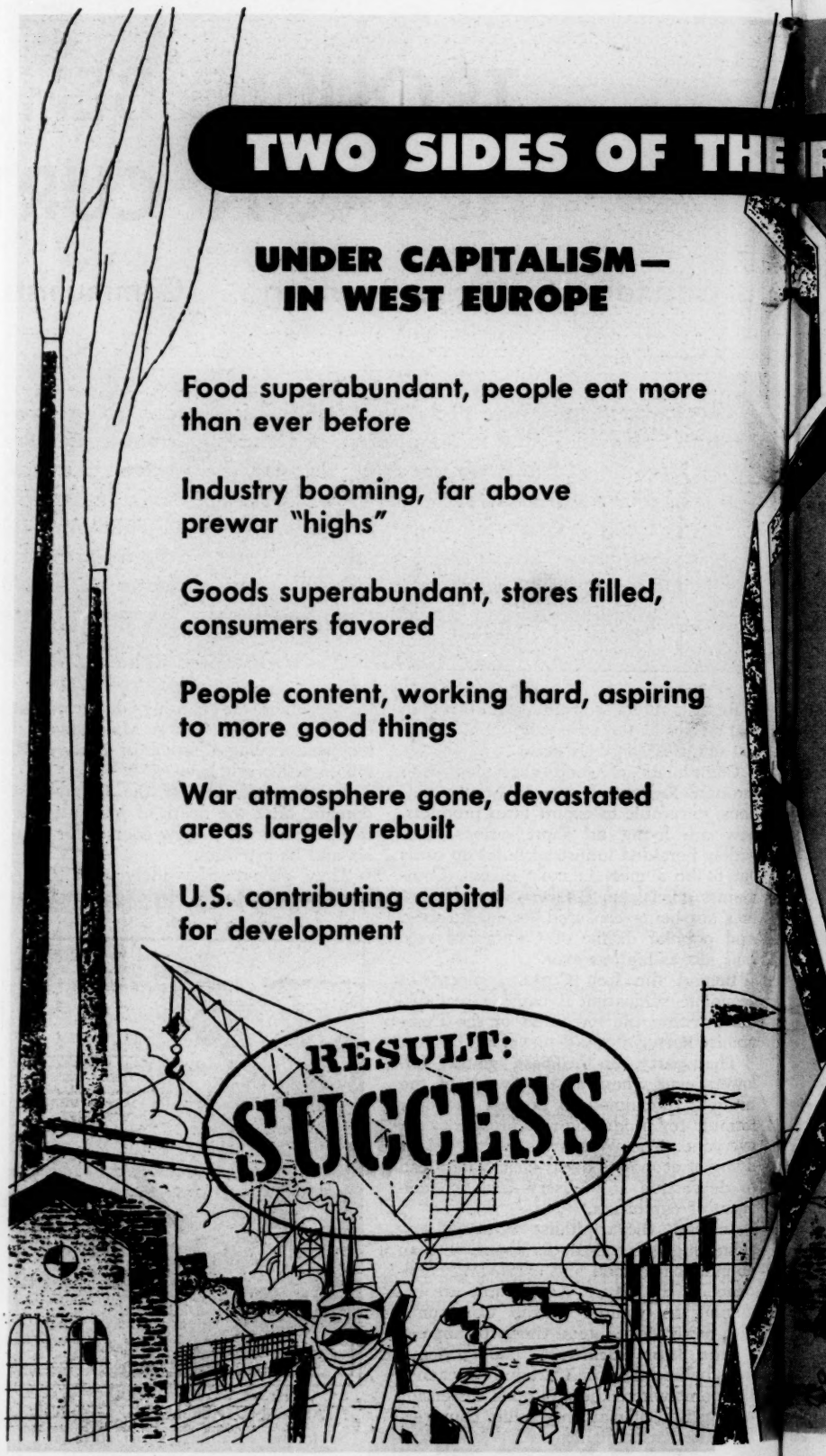
At a time when people all over Western Europe are buying cars, few Russians can afford automobiles. The cheapest costs a Russian worker more than his annual wages—and those who can afford it have to wait a year or longer for delivery.

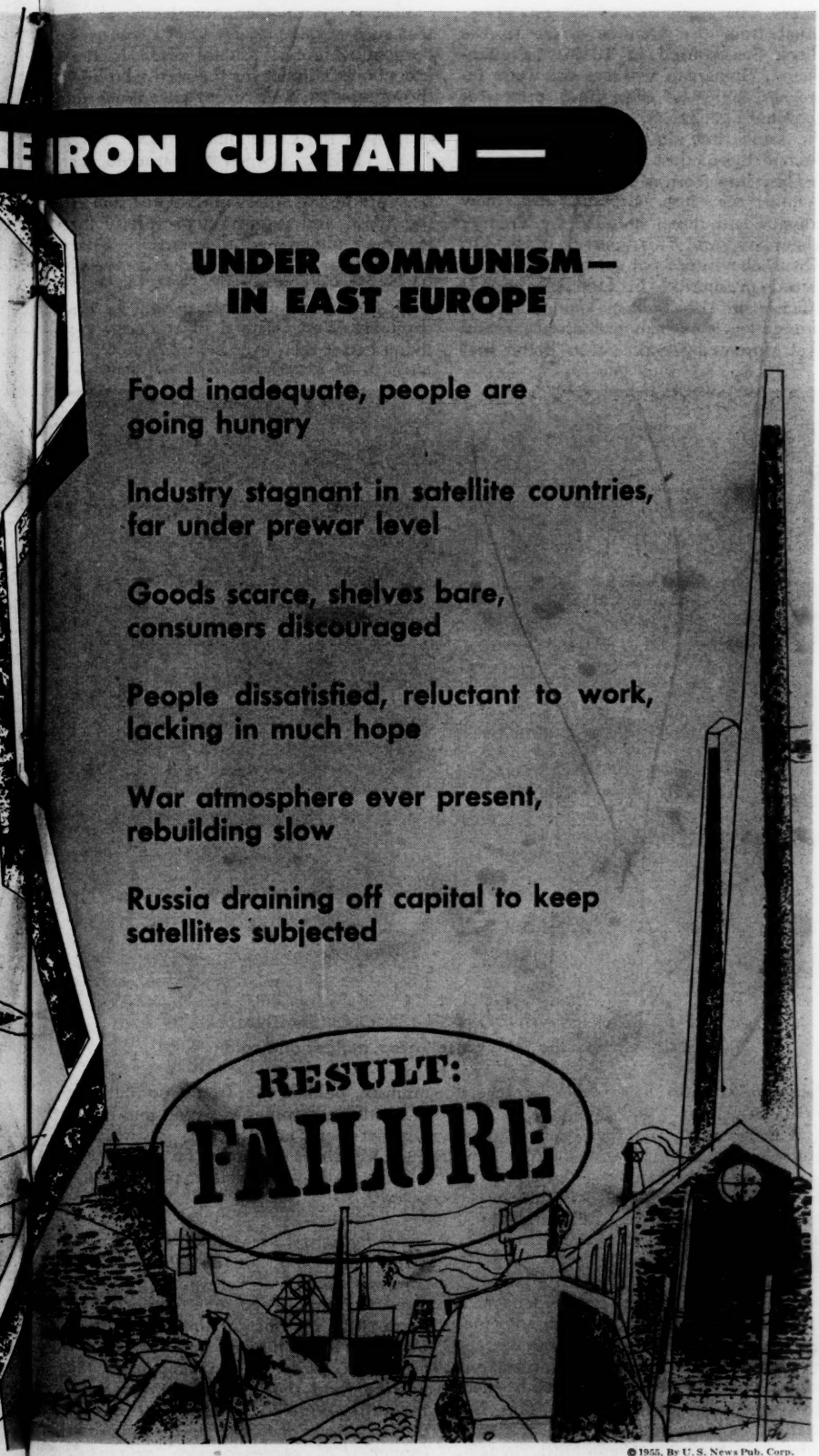
Russia's housing problem isn't solved yet. A building drive was to result in millions of new homes for workers, but Mr. Khrushchev now says what really came out of it was too many fancy skyscrapers for the favored few. And Russia's plumbing, he says, is in a disgraceful state.

The Soviet worker finds that he can't afford even the small slice of "prosperity" offered him. Price cuts were announced last spring. Yet the average workman has to pay out a far bigger chunk of his wages for essential food than he did in 1928. He has to work 47 days to pay for a new winter suit—four times as much as a worker in capitalist Italy.

Behind these shortages and high prices, Western economists find evidence of Communist production troubles.

Moscow promised to solve the food problem by opening up 70 million new acres in Siberia and Northern Russia. Half that acreage is sown, but the scheme runs into all kinds of problems. Those lands are arid, often frozen. Peasants are


TWO SIDES OF THE
UNDER CAPITALISM—
IN WEST EUROPE
Food superabundant, people eat more than ever before
Industry booming, far above prewar "highs"
Goods superabundant, stores filled, consumers favored
People content, working hard, aspiring to more good things
War atmosphere gone, devastated areas largely rebuilt
U.S. contributing capital for development
RESULT:
SUCCESS


IRON CURTAIN —
UNDER COMMUNISM—
IN EAST EUROPE
Food inadequate, people are going hungry
Industry stagnant in satellite countries, far under prewar level
Goods scarce, shelves bare, consumers discouraged
People dissatisfied, reluctant to work, lacking in much hope
War atmosphere ever present, rebuilding slow
Russia draining off capital to keep satellites subjected
RESULT:
FAILURE

© 1955, By U. S. News Pub. Corp.

slow to join collectives. Farm-machinery factories show the same old production bottlenecks.

Elsewhere in Russia, Communist bosses complain that farm machinery stands idle, plantings do not meet schedules, peasants do not work as hard as they should on state farms.

Heavy industry shows big gains to back up the Soviet war machine. Steel output, well past 40 million short tons annually, is rapidly gaining on Western Europe. Six new hydroelectric plants since 1950 are in production.

Transport, however, is in a jam. Communists admit that railroads are overworked. Communist planning produced only one superhighway, covering a distance of 400 miles between Moscow and Leningrad.

In factories, official complaints are made that output, per worker, is unsatisfactory. Last year, Russian factories were six to eight months behind schedule on delivery of goods ordered by Argentina and other countries.

East Germany. This area is a critical problem for Moscow. Riots there, in 1953, touched off demonstrations throughout Eastern Europe. Discontent grows among East Germans when they see the overflowing shops of capitalist West Berlin.

Communist officials have not produced anything like a "show piece" to compete with the rebuilt cities and booming factories in West Germany.

War damage goes unrepaired in many places. Communist plans produced a few spectacular apartment blocks, such as East Berlin's "Stalinallee." But Reds get complaints all the time that workers cannot find decent homes.

Food is still rationed in East Germany. Unrationed goods of all kinds cost more, and are far harder to get, than in prosperous West Germany. Homes are cold this winter because of a coal shortage.

Even East Germany's Communist Party boss, Walter Ulbricht, says his much-publicized drive for prosperity is far behind schedule. Communists report production lags in "countless" factories. Railway equipment is beginning to fall apart.

In addition, Moscow still exacts "hidden" war reparations from East Germany. For example, Russia in 1954 paid only 46 million dollars for ships that were built in East Germany at a cost three times that figure.

Upshot is that Germans in the Communist zone are just as discontented as ever. Sabotage goes on all the time in shipyards, electrical plants, coal mines and railways. Absenteeism among workers plagues factory managers.

Hungary. Reds in that satellite country have a real crisis on their hands, and

they don't even bother to conceal it. A top Communist admits: "For years, we have been repeating the slogan, 'Produce more, better and cheaper.' In reality, we are producing less, worse and dearer."

Food scarcities mount. Budapest's famous food markets show empty shelves. Rumors that fats or meats are available touch off frantic consumer "runs."

Budapest's industries, in the first eight months of 1954, fell far behind schedule. Output, per worker, declined from the previous year. Production of defective goods doubled.

Growing army of unemployed adds to the explosive situation. Factories are cutting back production, or closing down entirely. The Government has fired tens of thousands of white-collar workers.

This situation has led to quarrels among Hungary's Reds. Many blame the trouble on Moscow. Communist newspapers complain that nobody in Hungary seems to want to work any more.

Poland. This country, too, finds the "better life" to be elusive. Poland is rich in coal, but Communist authorities this winter reduced the supply of fuel to families and offices. Reds admit production setbacks in cement, fertilizers, bricks, wool fabrics and shoes. Meat and milk are hard to find in stores.

Nobody seems to know what happened to the celebrated Warsaw subway. That project started in 1950 and was to outmatch any subway in the capitalist West.

Czechoslovakia. Communist "prosperity" here is producing all kinds of shortages, in a country that was held up, before World War II, as a "model" nation, one of the most advanced and prosperous in all of Europe.

Markets that bulged with dairy products and meat are a thing of the past. Recently one housewife complained to her Communist newspaper that for six months she had not been able to find gloves, socks, winter underwear or sweaters in the stores.

Arable land in Czechoslovakia is down an estimated 10 per cent because of neglect. Big factories are accused of falling short of targets by as much as 50 per cent. At one big iron factory, "rejects" caused by sloppy workmanship came to 14 million dollars.

Bulgaria. In the first six months of 1954, Red authorities reported production failures in power, industry and food. Sofia newspapers say that farmers are not delivering enough meat and milk. Peasants are accused of not co-operating with the idea of collective farms, of sending diseased grain to Government collectors, and of damaging farm machinery.

Rumania. Communists in Rumania own up to production failures in several industries last year. That oil-rich country has cut fuel deliveries to homes and offices. The costly and widely advertised canal from the Danube River to the Black Sea—started in 1949—was abandoned. Rumanian workers got wage increases, only to learn that prices of consumer goods, taken off rationing at the same time, immediately soared far beyond the modest wage boosts.

New line from Moscow. Everywhere behind the Iron Curtain, the "new course" laid down in 1953 by Premier Malenkov and his party boss, Mr. Khrushchev, does not seem to have produced prosperity. In fact, Communist officials in the Balkans complain that production is even more messed up, and that Moscow's promises of a "better life" have only made the people harder to deal with.

The Kremlin, itself, now seems to be throwing out the whole idea of the "new course" for the Communist empire. The latest "line" from Moscow is that heavy industries, such as steel mills and dams, are far more important than things to eat and wear.

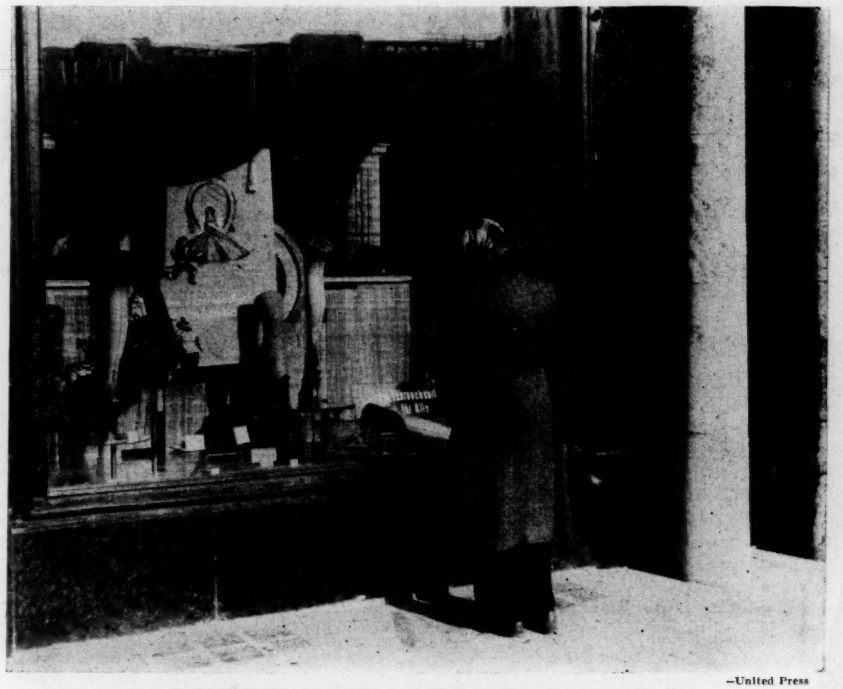
That shift causes Western diplomats to conclude that the production mess behind the Iron Curtain means disquiet within the top ranks of Communism.

And the fact that Mr. Khrushchev, alone, proclaimed the shift leads them to wonder if the economic flop has started an argument between the men who rule the vast Communist domain.

Past events in Communist rule show that such arguments, many of them over economic failures, usually result in the executioner's bullet for the men who lose the argument. And recent executions in Moscow show that purges are not out of fashion in the Communist world.

All of it is deep-seated trouble for Communism. For years, Moscow has been predicting misery and depresssion in the West, and promising prosperity for everyone under Red dictatorship. That propaganda picked up converts everywhere.

Now it turns out that people in the capitalist West, instead of starving, are living better than ever before. The Communists, behind the Iron Curtain, give their subject peoples less food and clothing, not more, and the idea is spreading that Moscow's formula for prosperity doesn't really work well in practice anywhere.



—United Press

EAST BERLINER WINDOW-SHOPS ON "STALINALLEE"
Away from the "showcase" area, hunger and cold

For further information on what is happening in Russia, see an interview with a former Russian secret agent, page 42; a report from a freed American prisoner, page 48; an insight into squabbles within the Kremlin by an American expert on Russia, page 54; an account of the Russian food shortage by an American authority, page 61; a report on a 10,000-mile tour of Russia by an American former U. N. representative, page 64.

Outlook for Prices—

NO SIGNS OF BIG NEW INCREASES

Consumer Costs Down a Bit, Industry Paying More

Prosperity, in view for 1955, is to be real, not likely to be eaten up by new price markups in the things people buy.

Despite official fears of inflation, over-all prices probably will remain steady. Cuts offset increases almost everywhere.

The reason: Production capacity is vast and growing. Industry is set to meet a big rise in demand. Competition is keen.

Reported from
NEW YORK, CHICAGO
and WASHINGTON

Prices are starting to churn about. Scattered price increases, coming at a time when official agencies talk of inflation dangers, raise the question of whether a new spiral is in the making.

Actually, in the price picture to date, there is little or nothing to suggest that inflation is taking hold. The changes of recent weeks show at least as many markdowns as markups.

Most things the housewife buys are down a bit. The consumer who shops around finds bargains in a good many lines, notably appliances and other high-priced goods. Clearance sales and discounts are advertised all over the country.

Many things the businessman buys are getting a little more expensive. Some raw materials, down in price a short time ago, are starting to rise. But here, too, there are price cuts as well as increases.

Over all, prices remain quite stable. Nor is there much reason, as official appraisers see it, to believe that this situation will be altered greatly in the period just ahead. In general, goods are plentiful and are very likely to stay plentiful. Demand is rising with the increases in business activity and incomes. But stocks on hand remain large. That's true both of finished goods in the stores and raw materials in the factories.

Production capacity is enormous and keeps growing. All through the recession of late 1953 and 1954, industry kept pouring billions into new plants and equipment. The country is ready for a considerable rise in demand.

Competition will continue to be a restraining influence on prices.

What to expect is more of the mixed trend of recent weeks—higher prices for some things, lower prices for others, without much change in the general price level.

Where bargains are. In the official figures on cost of living, the decline in recent months has been small. But the bargains that consumers find in the stores have not been reflected fully in the federal surveys.

Discount trading in appliances, television sets, furniture, toys and many other wares has become more widespread in recent months. Department stores in many cities are accepting the challenge of discount houses by cutting prices.

Some new television sets have come out at lower prices. Refrigerators, stoves, vacuum cleaners and toasters are off. Furniture makers are bringing out new lines at prices slightly below those of last year's models.

Prices set by manufacturers on phonograph records have been cut 33 to 40 per cent this month, and discount houses are selling even cheaper.

Big mail-order houses claim they are offering the lowest prices in years.

Many foods are cheaper. Housewives find citrus fruits down with the seasonal increase in supplies. Milk prices are off seasonally in many sections. The price of eggs dropped 20 per cent last year.

The housewife has won a partial victory in her bout with the soaring price of coffee. There has been a series of recent cuts.

Clothing the family isn't quite as expensive as a while back. Prices, viewed over a two-year span, have been drifting lower. There was the usual increase with the start of the winter selling season, but price cuts are being advertised widely now.

All this does not add up to much in terms of the cost of living, especially as that cost is measured by the official index. Not all the changes affecting the consumer have been on the down side.

Where housewives pay more. Price increases, like price cuts, have been scattered. Markups, in general, have been small.

Beef is more expensive, mainly because steers are up. Choice cattle bring the highest prices in two years. Lambs, too, are up. Pork is a good deal cheaper than it has been. Farmers have been raising more pigs, so pork is expected to remain plentiful and may become even cheaper for a time.

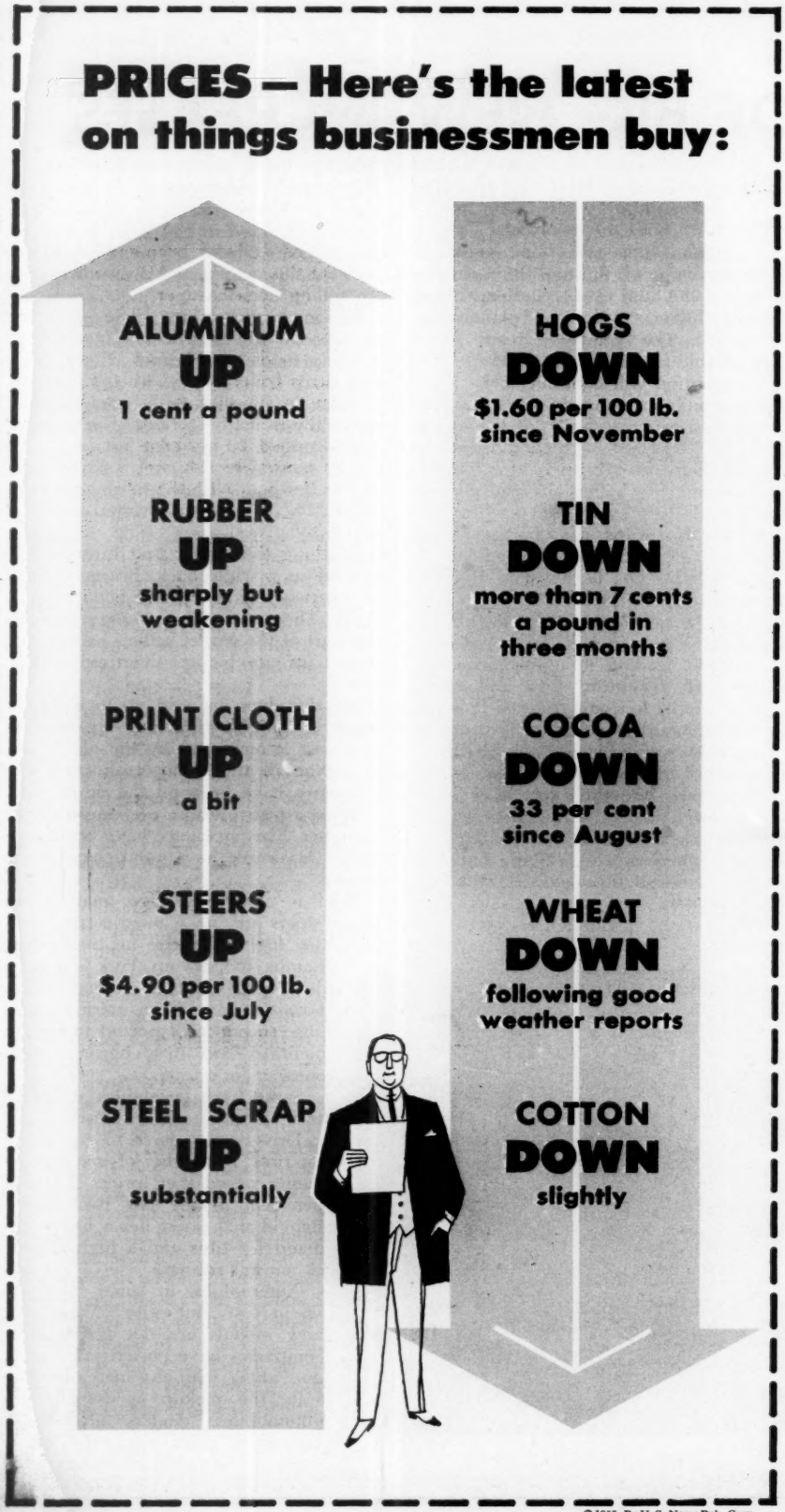
Some fresh vegetables are higher in price, a seasonal rise.

Drivers may have to pay more for tires. A number of major companies raised their prices 2.5 to 5 per cent in the last two weeks. Behind that boost lies a heavy demand for tires and a higher price of natural rubber.

Automobiles in some lines are up in cost. But price changes for new models are not great. Most companies have posted some price cuts along with the increases. Despite the pickup in demand for automobiles, dealers often give customers more than the resale value of their old cars when traded in on new ones. In some places,

—USN&WR Photo

THE MARKET BASKET
The housewife pays a bit less



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dealers are reported cutting middle-priced cars as much as $500.

So there is no reason to expect any big increase in the cost of autos.

Rents continue to edge upward, though at a much slower rate than a while ago. In many areas, it costs more for a haircut or permanent wave. Some electric and gas companies are getting permission to increase rates.

On the whole, though, the family budget stretches a bit further than it did a few months ago, and the trend continues just slightly toward lower prices.

What happens hereafter? Government price experts are inclined to agree with a mail-order official who predicts that retail prices will remain close to their present levels. Some recent increases in the price of raw materials have not yet been reflected at the consumer level. These markups, if and when they come, are not likely to make much difference in the total cost of living.

What businessmen pay. For materials bought by businessmen, the general trend in prices recently has been upward. But even here the over-all change has not been great.

The manufacturer of dress goods today has to pay about one-half cent a yard more for cotton print cloth than he paid in December. Sheetings are up about one-quarter cent a yard. Heavy orders are being placed with textile mills by customers fearing still further increases.

The price of raw cotton is not likely to decline greatly, and may move up a bit.

To show you what is happening here: Cotton cost 33¼ cents a pound at Houston last August, went higher than 34 cents in December, then slipped a bit below that level. Cotton still sells for a trifle more than it did a year ago. This has been typical of the small price movements of most raw materials in the last few months.

Another fiber, rayon acetate, has strengthened in price. It now costs 2 cents a pound more than it did in April.

These changes in what fiber costs the manufacturer do not suggest any wide markups in clothing prices at the retail level.

Prices of a number of fats and oils have been going up in recent months. Cottonseed oil, major ingredient of oleomargarine, is higher now than it was in mid-November. Tallow is up more than a cent a pound since October. Linseed oil turned higher at about the same time.

Metal prices vary. Metals have been moving upward in price, in some instances, at a time when consumers have found many metal products getting cheaper.

The basic price of steel has not been raised since early last year. But steel

users, in some cases, are paying more. The reason is that the mills, when demand was slack, were generous in absorbing freight bills and granting discounts. Now, with demand stronger, they hold more closely to the listed price.

The cost of steel scrap is higher. A ton of good-grade scrap was only $25 last March. Now it is $36.50.

Molybdenum, used in tool steels, has become more costly. Steel companies have raised prices of their products that contain this material.

Aluminum producers raised their selling price last week by 1 cent a pound, about 5 per cent.

Lead and zinc prices went up a bit last year. This is a case of weak industries being supported by the Government's stockpile program.

The price of copper, which once was expected to be cut, now shows some likelihood of being raised.

That indicates the scattered range of price increases that have been taking place in these last few weeks. At the same time, prices elsewhere have been declining.

Tin is selling for about 86 cents a pound. As recently as October, it brought 94 cents.

The price of wool has gone through a series of ups and downs. Today it is less than in October but more than in November.

Cocoa is a good deal cheaper now than it was a few months back. Wholesale prices of soybeans have come down. The same thing has happened to butter.

As it all adds up, on the basis of official figures, the prices that businessmen pay for industrial supplies have been rising moderately. But the businessmen are paying less for farm products.

In recent weeks, so the Government figures indicate, the balance has been a little on the side of higher costs of materials bought by producers.

Inflation? In all these figures, there is little basis for fears that another round of inflation is taking hold.

Official warnings of inflation, sounded recently, have been based on what is happening in money and credit, not on anything that has shown up in prices of goods and services.

Between now and the end of 1955, there may be a very slight increase in the average family's cost of living. That increase, if it comes, is likely to be more than offset by an increase in that same family's income.

What this means is that the prosperity in view for 1955 is to be real. It is not likely to be eaten up by new markups in the things people buy.

For outlook on 1955 profits, see articles starting on page 24.

PRICES — Here's the latest on things consumers buy:

BEEF
UP
a bit

TIRES
UP
for most brands

RENTS
UP
but starting to level off

CLOTHING
DOWN
slightly; seasonal price cuts

PORK
DOWN
a bit

COFFEE
DOWN
substantially

EGGS
DOWN
substantially, but starting to rise

MILK
DOWN
seasonally

TV SETS
DOWN
for some new models

APPLIANCES
DOWN
with discounts frequent

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Outlook for Profits—

GOOD YEAR AHEAD FOR INVESTORS

Stockholders to Benefit From Big Earnings of Business

Stockholders will gain handsomely from the business rise.

Conservative estimates indicate that 1955 will bring a 12 per cent increase in corporate profits and an increase of more than 10 per cent in dividends.

Steel and railroad companies will gain. Aircraft makers may not match 1954. This article probes prospects for these and other industries.

Owners of American business are going to enjoy record dividends in 1955. These dividends will come out of a near-record volume of profits.

The profit outlook right now is bright. Business activity is increasing. Costs are well in hand. Most prices are stable. There is every sign that these favorable conditions will prevail through all or most of the year—except for seasonal slowing in some industries.

Profits, after taxes are paid, will be the third highest on record, topped only by 1948 and 1950. Dividend payments to stockholders are expected to mount to an all-time high. Stockholders stand to benefit both from the high level of earnings and a record level of depreciation reserves. These reserves, available for meeting financial needs of business, will enable companies to pay out more than half of their after-tax profits to their shareholders.

The broad measure of the profit and dividend outlook presented in the accompanying chart assumes that the tax rate now prevailing on corporate income will continue through the year.

Profits before taxes are expected to reach 38.9 billion dollars this year, against 34.8 billion in 1954 and 39.4 billion in 1953. Total sales of business firms are expected to be higher than 1953, but because of severe and growing competition, profit margins are likely to fall below that year.

Taxes on profits are expected to amount to 19.3 billions this year, compared with 17.2 billions in 1954. That will leave corporations 19.6 billions to reinvest or distribute to owners.

Dividends and stock prices. This year dividends are put down for 10.6 billions, a gain of nearly 1 billion over 1954. This will continue the upward trend in dividend payments that has gone on since 1942. In years when profits have declined, such as 1949 and 1954, dividend payments were either maintained or increased. There is every reason to believe that dividends will continue upward over the next two years at least. That is one explanation for the rising trend in stock prices.

Source: Through 1953, Commerce Department; 1954 and 1955, estimates by Economic Unit of USN&WR

Profits to be reinvested in business are expected to climb from 7.9 billions in 1954 to 9 billions in 1955. Business firms probably will need more money for working capital and inventories this year because of the rising sales trend. Also, capital investment in plant and equipment is expected to be large—about as large this year as it was last year.

The general business outlook points to a prosperous year for American industry. Prospects vary widely, however, for different groups. In most instances, the groups that were hit hardest in the 1954 business dip stand to make the greatest gains in 1955.

Manufacturing, for example, bore the brunt of the 1954 recession. Profits among manufacturing companies as a whole dropped 13.2 per cent, before taxes, from 1953 to 1954. Taxes, however, were cut 18.1 per cent because of the repeal of the excess-profits tax, so the decline in after-tax profits for manufacturers was only 6.8 per cent. Dividends remained about the same.

Profits were hit hardest in 1954 in the lumber industry and among companies manufacturing wood products, furniture, iron and steel, industrial machinery and metal products and refining metal. Most of these industries are expected to make sizable gains in the current year. The steel industry, for example, is counting on substantial improvement. Modest declines in profits also were reported for 1954 by manufacturers of building materials and electrical machinery. These groups, too, are expected to make gains in 1955.

Aircraft companies bucked the trend in 1954 and increased their after-tax profits, chiefly because taxes were reduced. In the present year, the aircraft industry will do well to maintain profits reported for 1954. Leading companies in this field expect sales and profits to decline a bit this year.

Auto outlook: steady. The auto industry also is reported in official figures to have made a gain in after-tax profits in 1954, again because the excess-profits tax was removed. This gain, however, went largely to the two leading producers in the field. Profits for the industry in 1955 are not likely to be any higher, on the whole, than in 1954, but there is a chance that a larger number of auto manufacturers will share in them.

Manufacturers of soft goods fared better in 1954 than the group that makes hard goods. The textile, clothing and leather industries reported rather sizable profit declines in 1954, but gains were made by tobacco, paper, food, chemical and oil-refining companies. Modest declines in profits were felt in the printing and publishing industries and the rubber industry.

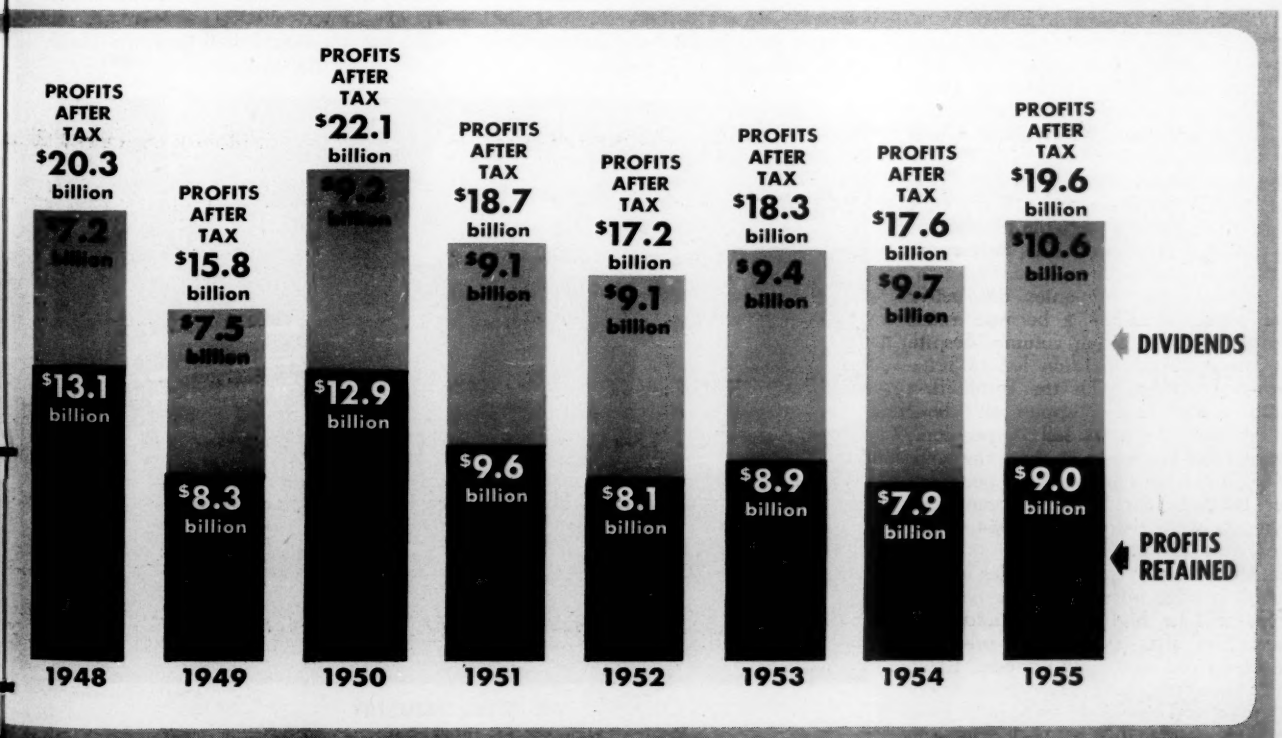
Improved profits, along with dividend increases, are in prospect for textile, clothing, chemical, petroleum and rubber companies. The printing and publishing group raised dividends in 1954 in face of a dip in profits, so it may not increase payments much in 1955.

Among all manufacturers, the outlook is for an increase of 15.2 per cent in after-tax profits, and a gain in dividend payments of 13.6 per cent over 1954.

In the mining industry, after-tax profits are expected to increase about 6 per cent, bringing an increase in dividends of about 3.6 per cent. The largest gain in this field is likely to be scored by oil producers and metal-mining companies. The coal industry is increasing production this year, but is not expected to show any large increase in profits.

The railroad industry had a bad year in 1954. Rising depreciation charges and lower traffic volume cut deeply into profits. The result was that earnings were off 55 per cent, after taxes, even though taxes had dropped 51 per cent. Railroad companies, however, managed to increase dividend payments about 7 per cent, chiefly because they laid less aside for improvements.

In the present year, the railroad picture is expected to change sharply. Traffic is increasing, and the outlook is for a 53 per cent gain in profits. Depreciation reserves, moreover, will provide a substantial portion of the money needed



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—A.T.&T. Co.

THE FLOW OF DIVIDEND CHECKS
. . . expected to reach an all-time high

for railroad financing, leaving a sizable amount for dividends. Indications are that railroads will pay out 8 per cent more in dividends this year.

The railroad industry includes switching and terminal service, passenger-car service and railway-express companies as well as Class I lines.

Utilities: still gaining. Electric and gas utilities have shown consistent gains in profits and dividends since World War II. That trend is to continue in 1955. Last year, for example, profits for utilities and communications firms showed a 9 per cent improvement over 1953, after taxes, and dividends rose 5 per cent. This year, profits are likely to be 7 per cent above 1954, with a probable increase of 4 per cent in dividends. This industry is in a sharply expanding phase.

Merchandising companies did better than expected in 1954 because retail sales increased a bit in volume, despite the recession. Competition led to price cutting, however, with the result that profits before taxes, slipped off about 10 per cent. But taxes fell 20 per cent, leaving after-tax profits at about the same level. Dividends jumped 23 per cent over 1953, in part because some 1953 payments were deferred to 1954, when taxes were lower.

In the present year, retail sales are expected to edge up about 3 per cent, so profits will be higher before and after taxes. The after-tax gain in profits is expected to be around 10 per cent. Retail stores, however, have heavy investment programs and are likely to require more working capital this year. So the outlook is for no more than a moderate gain in dividends.

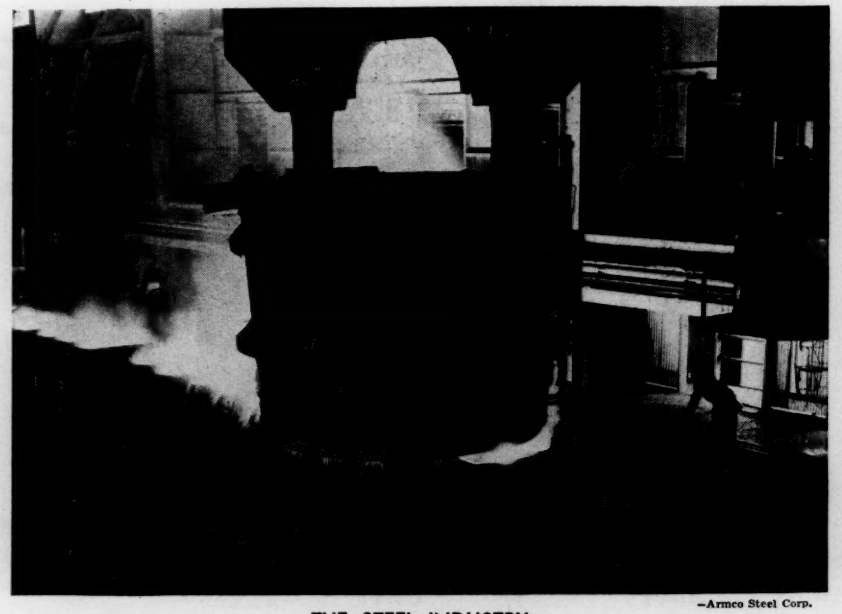
The finance industry, including banks, insurance companies, real estate firms and brokerage houses, benefited greatly in 1954 from reduced taxes. Their pretax earnings fell 6.5 per cent in 1954 from 1953, but their tax liabilities went down 22 per cent. The result was a 21 per cent gain in after-tax profits. Dividends increased 18.5 per cent.

Continued improvement is in store for the finance industry in 1955. The rising trend in industrial activity and in retail sales will be reflected in a rising demand for money. Prospects are that this group of companies will show a gain in profits of around 10 per cent, after taxes. And dividends appear quite likely to increase about 12 per cent over 1954.

The large investment programs undertaken by U. S. corporations since World War II have the effect of putting a brake on reported earnings. Depreciation and amortization reserves are deducted from gross income before net earnings are reported, and much of this investment now is being written off in five years under rapid-amortization allowances. These allowances for defense expansion are expected to hit a peak in 1956 and 1957. Also, under the new tax laws, rapid write-offs are allowed on investments made since the end of 1953.

This treatment of new investments has the double effect of promoting growth in industry and of keeping a larger portion of earnings as reserves. Thus, in addition to getting greater profits and paying larger dividends in 1955, American business is likely to increase its financial strength, too.

The profit outlook given here embraces all U. S. corporations, large and small. Included are some 500,000 companies. The profit and dividend record of big corporations—around 1,500 in number—usually is better than the record made by all corporations. The increases in sight for well-established firms are likely to be above the average.



—Armco Steel Corp.

THE STEEL INDUSTRY
. . . its profits outlook is brighter

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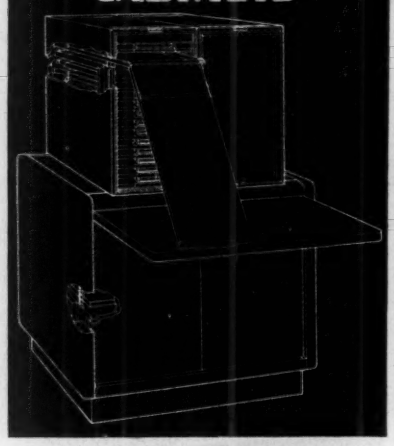

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ACME VISIBLE

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Representatives in all principal cities

What Eisenhower Wants For Everybody in 1955

Broad programs of action are being requested of Congress in a series of special messages pouring from the White House.

President Eisenhower, beginning his third year, is providing specific plans for highways, Reserves, wages, other things.

Here are the things that President Eisenhower now is asking of Congress:

Improved highways. Spend 101 billion dollars—31 billion in federal funds, 70 billion in State and local funds—to improve and expand a 3.4-million-mile network of U. S. streets and highways by 1964.

Higher minimum pay. Increase the minimum-wage "floor" from the present 75 cents to 90 cents. This would be applicable to 24 million workers in covered industries, would benefit 1.3 million with pay now under 90 cents.

Lower tariffs. Extend the Reciprocal Trade Agreements Act for three years, then give the President authority to lower some tariffs below present limits in exchange for concessions obtained abroad.

Higher postal rates. Increase all classes of postal rates—for ordinary letters, airmail, periodicals, circulars, packages—enough to eliminate the usual postal deficit and provide for a pay raise for postal workers.

Reduced draft. Extend the Draft law, with its present two-year term of service for youths and the present provisions for deferring students, but cut the call-up rate in half by reducing military manpower requirements.

Compulsory Reserve. Revise the military Reserve setup to require some youths being discharged from the armed services to serve in an active Reserve unit.

No new tax cuts now. Postpone for at least a year the tax cuts authorized now by law, which would bring reductions in corporate income and excise taxes in April of 1955.

Smaller armed forces. Reduce the number of men in U. S. military uniforms from the present 3.2 million to 3 million by mid-1955, then to about 2.85 million in the following year.

Higher federal pay. Authorize a general pay increase for all Government em-

—Crockett in the Washington Star

"NOW SET A GOOD EXAMPLE"
From here on, it's up to Congress

ployes, plus a "substantial" pay raise for members of Congress and for judges in federal courts. Give higher pay to enlisted men, except those in the lowest pay grade, after two years' service; to officers after three years' service.

More dams, irrigation. Give the go-ahead for a billion-dollar project in the Upper Colorado River basin and 36 other specific projects. Then O.K. a country-wide "comprehensive water-resources policy" for future projects.

Flexible price supports. Authorize a wider range of flexibility for farm price supports for next year, as provided by law—with the present range of 82.5 to 90 per cent of parity on basic commodities to become 75 to 90 per cent.

Health aids. Provide a federal subsidy for training more doctors, authorize the Federal Government to underwrite health insurance for everyone who wants to subscribe to it, pass laws to cut stream pollution.

Statehood for Hawaii. Make Hawaii the 49th State this year, with provision for Alaska to be admitted as the 50th State at a later date, after specified requirements are met.

Taft-Hartley changes. Revise the nation's basic labor law in 14 places, as proposed last year, with special emphasis now on non-Communist affidavits and union bargaining rights in strikes.

Softer immigration rules. Remove some of the "injustices" in provisions of the McCarran Immigration law.

Votes for 18-year-olds. Begin action on an amendment to the Constitution that would lower the voting age, now set at 21 in all States except Georgia, to a uniform 18 years everywhere.

More public housing. Extend the Public Housing Act, provide for construction of 35,000 public-housing units in each of the next two years—continuing this year's rate of construction.

Aid for schools. Provide some new form of federal assistance to build schools and meet the growing shortage of classrooms, with an Administration plan in detail to be presented next month.

More dollars for allies. Give special inducements for American capital to flow more freely to finance badly needed projects overseas, while continuing the flow of billions in U. S. Government aid to allies.

Build-up for Asian defense. Approve the "Manila Pact" authorizing a formal defensive alliance in the Southeast Pacific.

Aid for small farmers. Provide a wholly new plan of assistance for small-scale farmers—including loans for relocation, backing for loans to expand too-small farms, counselors for help in meeting special problems.

"Big Stick"... jet age version

TEMCO HELPS BOEING BUILD B-52 "RETALIATION" FLEET

Thunder of the Stratofort's eight jet engines is heard clearly at conference tables today, for this sleek giant can, by refueling in flight, strike with an H-bomb load at any point on earth. The threat of this fearful retaliation is impossible for an aggressor to ignore. The Air Force has ordered a fleet of these planes and they will have performed their mission to perfection if they never have to drop a bomb in combat.

Producing planes fine enough to preserve the peace is an awesome responsibility for our aircraft industry. Boeing-Wichita, in starting second source production, called confidently upon TEMCO to produce a major component of the vital B-52, for previous Boeing subcontracts on the B-47 Stratojet had firmly established TEMCO's reputation for producing a quality product, on schedule, at the lowest possible cost.

Tooling up for the B-52 job, these TEMCO workers are building the huge jigs in which major fuselage sections will be fabricated.

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THE CHANCE OF BEING DRAFTED NOW

It's Growing Less . . . Ike's Reserve Plan in Trouble

What's the prospect for youths, with the standing Army to be cut and a new military Reserve program in the works? Will fewer be drafted? Who gets the six months' training course?

Answers depend largely upon what Congress does to the White House proposals. But this is what is being planned—and how it is expected to work, if the plans go through.

Is life likely to be less uncertain than it has been for youths of military age?

Probably not. There is certain to be a continuing draft of some youths. But who is drafted will continue to be decided by local boards, under broad rules that govern deferments. A new uncertainty is to be added by a proposal for six months of service for some youths, followed by 9½ years in the active Reserves. Veterans' Reserve training obligations are about to be changed, too, if the Pentagon gets Congress to agree.

Is the six months' service plan to be open to all youths?

Nobody knows at this time exactly what Congress is going to do with the plan that President Eisenhower is proposing. Chances are that it will be modified greatly, and it may be killed as other plans have been before it. The plan does have earmarks of a universal-training system, and Congress has been cool to that type of training.

But what if the plan does go through?

In that case it is going to be possible for at least 100,000 youths to volunteer each year for six months of military training. This training would be in the Army After it had been completed, the youth would go into an active Reserve. In this active Reserve, he would be required to attend drills four times a month and go to a summer camp each summer for several weeks. This obligation to train, and remain subject to recall to active duty on 30 days' notice in case of emergency, would last for 9½ years.

What are the objections to a plan of that kind?

Several are raised. From the youth's standpoint, it is noted that employers might hesitate to give a job to someone who is to be tied up in a military program, and subject to recall on short notice, for 9½ years. Some military men question the value of giving men only six months of basic training, followed by part-time drills.

Would all youths of draft age have a chance to volunteer for the six months' training?

No. Plan is to limit this program to youths between the ages of 17 and 19. Youths now over age 19 would be excluded. They have to meet their service obligations through the draft, or voluntary enlistment.

Could a youth get the six months' service out of the way before going to college?

Yes. He might enter the Army or Marines during summer vacation, after graduating from high school or prep school. He could have his six months' service completed, and be ready to enter college, by the beginning of the second semester in the college year. He would be discharging four of his 9½ years' Reserve obligation, while in college, attending maneuvers during summer vacations. When he completed college, he would face only 5½ years of continued Reserve duty, on the home front, instead of facing two years of active duty plus six

President's Plan for Military Manpower

- **Extend present draft act until July 1, 1959.**
- **Keep draft term at 24 months; keep minimum draft age at 18½.**
- **Retain present system of college deferments, other deferments, under local draft boards.**
- **Maintain college reserve officers' training system.**
- **Begin program, for youths under 19, of six months' basic training plus 9½ years in the active Reserves. Program would start with volunteers, could shift to draft basis, if necessary, with local draft boards selecting trainees.**
- **Allow most veterans of 24 months' active duty to pass into the nonorganized Reserve, subject to call only in general mobilization.**
- **Empower National Guard to "draft" men who have completed six months' training, or a period of active duty, in the armed forces, when essential to maintaining a Guard unit. Method of selecting such men: not explained.**
- **Require National Guard enlistees with no prior service to take six months' basic training in the armed forces.**
- **Allow States to set up new "militia" units that would replace the National Guard units called to active duty in an emergency.**

years in the Reserve—which is the prospect facing nonveteran college students now.

Would Reserve Officer Training Corps drills in college be accepted in place of drills with an active Reserve unit?

Apparently not. The man who gets into this plan would be a regular member of a definite military organization and he would have to comply with its orders.

But could a youth in such a Reserve unit, wanting to become an officer, also take ROTC while in college?

Yes, there would be nothing to prevent that.

What kind of Reserve unit would a youth enter after his six months of training?

It would depend on what service he joined when he volunteered. The plan is to allow the National Guard, the Army and the Marines to enlist a certain quota of these youths each year. Those enlisting through the Guard would train with the Army, but upon release they would report to their National Guard unit.

What if a man wanted to move somewhere else, while still in the Reserve unit?

He would be transferred to the Reserve unit nearest his new home.

Suppose he failed to attend drills, or "goofed off" consistently?

The plan is to make men subject to reinduction into active service when they do not meet certain standards.

What if a man wanted to take a trip to Europe, or be absent from drills for some other purpose for some time?

Commanders of local Reserve units presumably would have authority and discretion to handle such problems as they arose. The National Guard and existing Reserve units have been living with such problems for decades.

What would drills be like?

They would follow the National Guard pattern, with emphasis on unit training.

What are to be the chances of getting in the six months' program, if Congress approves it?

More than 800,000 physically fit youths pass their 17th birthday each year, and there would be only 100,000 openings in this program each year under present plans. Presumably, applications would be taken on a first-come, first-served basis. So, if a rush developed, those who were slow to apply would be left out.

What about prospects in the 24-month draft?

In most places, draft boards are meeting more than half of their quotas with volunteers. Quotas have been cut to 11,000 a month, where they were running about 20,000.

(Continued on page 32)

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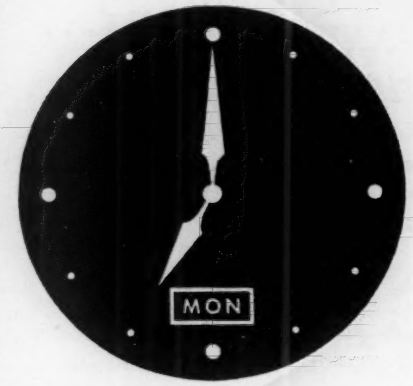

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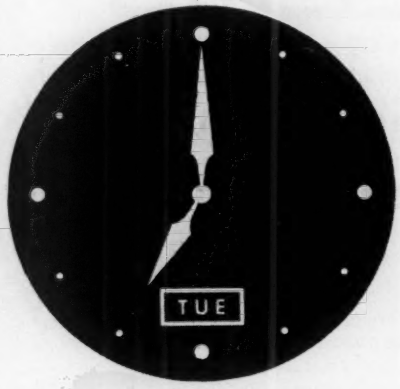

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The law, of course, is clear on this point. As your policy plainly states, it grants 60 days' grace to your insurance company in paying a claim. But PLM holds that to pay a just claim is to do but half the job. The whole job is to pay it when the money is most needed. To PLM — and to a policyholder who has suffered loss — that means *at once*. Hence, where state laws permit, this is our self-imposed rule: *No claim shall remain unpaid longer than 24 hours after receipt in this office of satisfactory proof of loss.*

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What does this mean for the man just "waiting out" the draft?

It means that the time he will be called is further away than it would be if the armed forces were still expanding and draft calls were rising. At this time, the usual thing is for a man to be placed in draft class 1-A, awaiting examination, soon after he reaches age 18 and registers. But, in most places, a man waits three or four years before he is called for induction. Age of men actually being drafted is around 22 or 23. Chances are that this average age of draftees will move up to 24 in months ahead.

Are more deferments available?

Not in any definite way. But draft officials say that deferments are likely to get a little easier, as long as manpower supply is rising and manpower demand is falling, which are the present trends.

What if a man passes his 26th birthday before his local board reaches him?

Under present and proposed law, he would escape the draft.

Are many likely to avoid the draft this way?

Some people think that is bound to happen in many cases, under the President's plan as it is now set up. Barring war, or a war scare that caused the armed forces to expand again, the number of available men compared with probable demand gets larger and larger as years pass. At least several hundred thousand men, now in the draft-age bracket, apparently will not be needed for active duty, or in the Reserve plan that is now proposed. The number of men who escape service could be larger, if voluntary enlistments exceed expectations. This is one of the points that excites criticism of the proposed plan, which already is under attack in Congress. Pentagon officials, however, insist that virtually everybody will have to serve, if physically fit.

What is the plan for "drafting" veterans for Reserve duty, after they have served on active duty?

If Congress accepts the President's recommendations, veterans will be made subject to involuntary assignment to active Reserve units, including the National Guard. This is another point that is criticized and opposed by some in Congress.

Will any "draft" for the Reserves apply to veterans already released and at home?

Veterans released since 1951 are to be technically open to such a "draft" under the plan as written. Congress is expected to make sure that no combat veterans of Korea can be recalled involuntarily for any kind of duty except in all-out war.

Will veterans have to attend drills and summer camps?

If selected for active Reserve units, they would have to participate as ordered, under the plan.

But are draft calls to go on getting smaller and smaller?

It all depends on how many volunteers come forward. The Pentagon's estimates indicate that draft calls will have to rise very substantially, in the year starting next July 1, if volunteers are as scarce as now expected. But there will be more draft-eligible youths by then, too. It all seems to add up to more uncertainty, not less, for draft-age youths and their families.

President's Plan to Raise Military Pay

- **Increase pay** for all enlisted men having more than two years' of service, except those in the lowest pay grade.
- **Give all officers** with more than three years' service a pay boost. Amounts to vary with rank and length of service.
- **Provide higher extra pay** for airmen, submarine crews, parachutists, demolition crews, divers, certain other specialists.
- **Increase travel allowance** to $12 a day, $3 more than now.
- **Give a new allowance** for "dislocation" to help married servicemen pay cost of moving families to duty stations.
- **Reduce rent** on substandard military housing units.
- **Provide repayment** for medical expenses incurred at civilian facilities, when military medical aid is unavailable.
- **Give higher benefits** for survivors of career servicemen, to equal similar benefits now provided for Reservists.

TOTAL COST: Approximately 957 million dollars a year over present annual military pay and allowance costs of around 11 billion.

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G.T.M.-Specified Special Dry Materials Hose for Handling Hot Catalyst
A Special heat-, abrasion- and corrosion-resistant tube
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B
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Cheapest Way to Give a Catalyst Nine Lives—or More!

COSTLY vacuum cleaning operation for a Western oil refinery was sucking hot catalyst from the regenerator of their fluid cracking unit. First flexible metal tubing, then steel pipe was used to conduct the extremely abrasive particles to the storage tank under 18" vacuum. But the tubing pulled apart in as little as *two minutes*. The pipe failed in only *48* hours.

The G.T.M.—Goodyear Technical Man—recommended a special dry materials hose with a highly heat- and abrasion-resistant tube and full-faced, built-in flanges. At last report, this designed-to-the-job hose had served a total of *144 hours* and looked good for much more.

Hose is a specialty of the G.T.M. He has over 800 types in actual production—hundreds more under development—all designed to lower your hose costs. You can benefit from his experience by contacting your Goodyear Distributor or Goodyear, Industrial Products Division, Akron 16, Ohio.

YOUR GOODYEAR DISTRIBUTOR *can quickly supply you with Hose, Flat Belts, V-Belts, Packing or Rolls. Look for him in the yellow pages of your Telephone Directory under "Rubber Products" or "Rubber Goods."*

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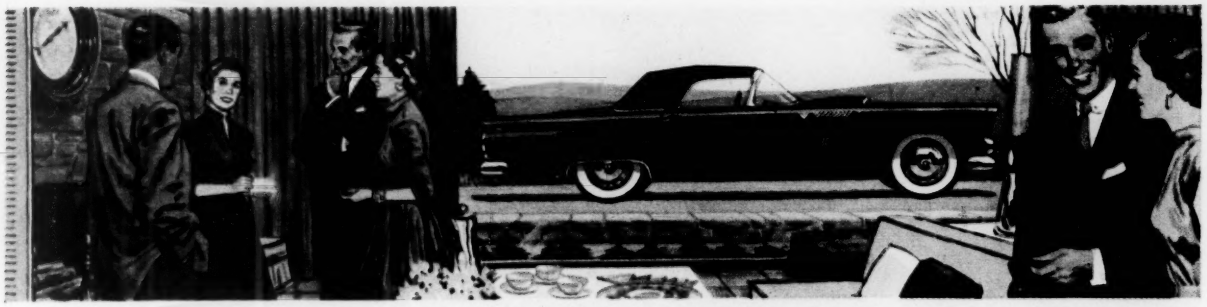
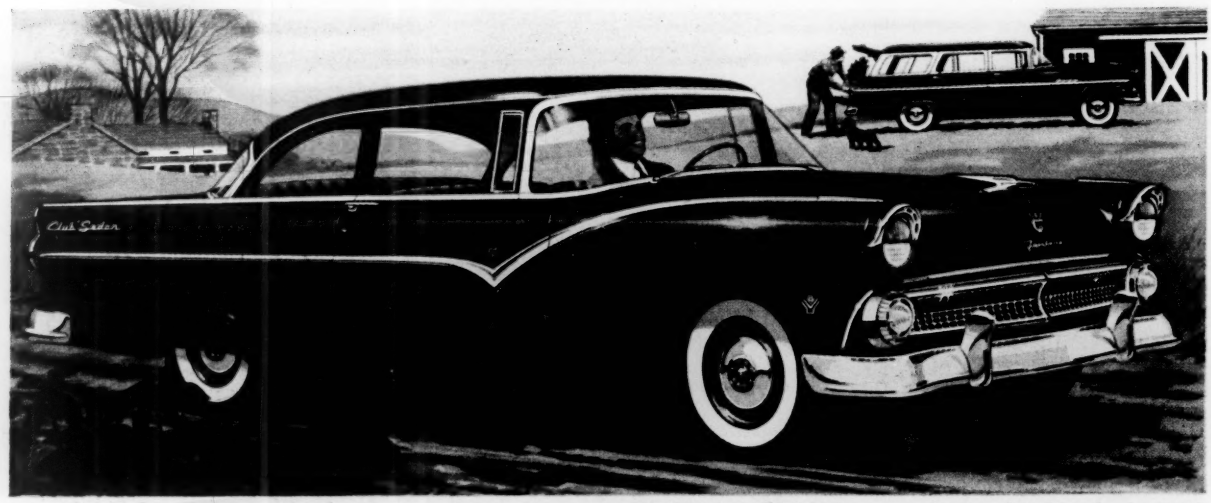
We think you'll like "THE GREATEST STORY EVER TOLD"—every Sunday—ABC Radio Network—THE GOODYEAR TELEVISION PLAYHOUSE—every other Sunday—NBC TV Network



Above, you see the Thunderbird. Its long, low lines have caused a sensation on the highways as has no car styling before it. And it was these lines that inspired the styling of the 1955 Ford. The '55 Ford, as shown below, features the same sleek silhouette . . . the same beautiful design, front and rear.

You can see Thunderbird styling...now try Trigger-Torque power



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You go finer when you go FORD!

Ike vs. Adlai Again in '56?

Late Conventions Give Edge to 1952 Nominees

President Eisenhower seems to be gaining interest in politics. Adlai Stevenson's hold on his party remains strong.

Now both parties are planning to push their 1956 nominating conventions up close against the election date. This means a short campaign—and a boost to the candidate who has the inside track.

That's why it looks like Eisenhower vs. Stevenson again.

Leaders in both the Republican and the Democratic parties are making strategic moves that point to this conclusion:

> Barring illness or accident, it will be another race between Dwight D. Eisenhower and Adlai E. Stevenson for the Presidency in 1956.

The national conventions are being scheduled at the latest dates that they have ever been held. Late conventions give an advantage to the men who are well known and who have control of the organizations. They make it harder to build up new aspirants to the highest job.

At the same time, other straws are being noted. President Eisenhower is showing a greatly increased interest in the practical side of politics. He is beginning to listen to the practical politicians in his party. Leonard W. Hall, the Republican National Chairman, is at the White House more often. It is becoming obvious that the President is smarting over the defeat his party took last November and is inclined to try for a better showing next time.

Hard on "outsiders." In the Democratic Party, the machinery is closely held by the supporters of Mr. Stevenson. There is a move by them at this point to fix the date of August 27 for the National Convention at which a presidential candidate is to be nominated. This would tend to cut the time for campaigning in half and make it hard for an outsider to make the race.

The Republicans' reaction to this plan is an arrangement to set their National Convention at an even later date. They would move their meeting into September, thus signifying that they expect to have their candidate and campaign plans all set by that time. This would be the first time in 88 years that the Republicans have met later than the Democrats.

At the same time, Mr. Eisenhower is dressing the stage in Washington with a series of legislative measures that are designed to draw voters away from the Democrats in 1956. There is a pay raise for Government employes, a plan to raise minimum wages for other workers. There is a big highway program to catch the eyes of travelers. There are housing and health measures.

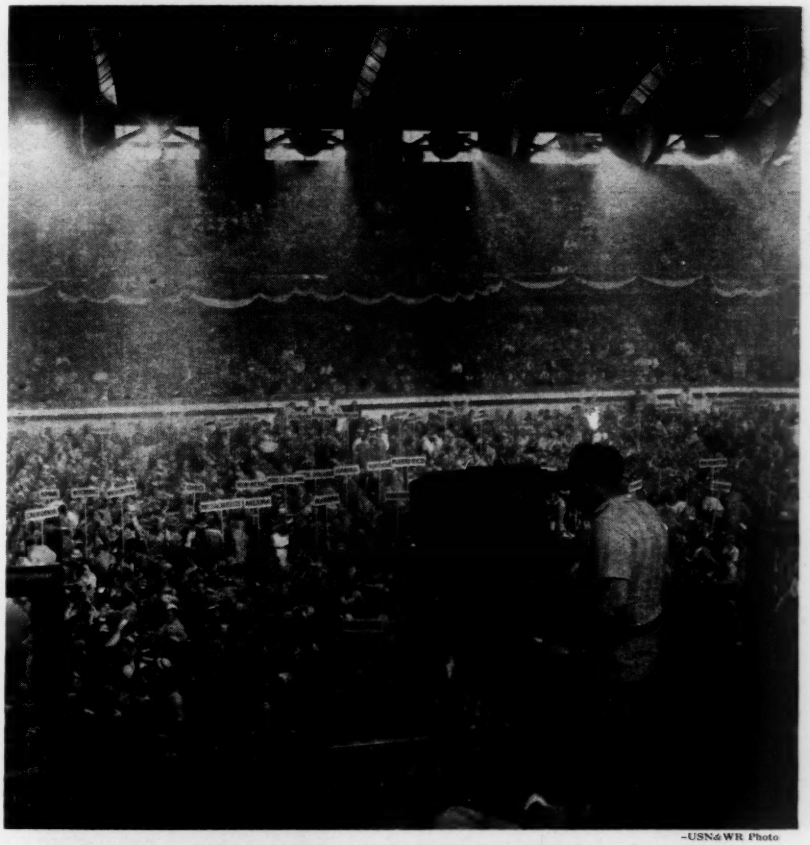
A "new" Ike. It is becoming clear that Mr. Eisenhower is beginning to like his job. A big new highway is being opened up between Washington and the Gettysburg area where his farm is located. His White House staff is so organized that routine matters get taken care of without trouble to him. He only has to bother with top-policy matters and big decisions.

All of this is leading top Republicans to conclude that the President will not turn them down when the time comes to run again.

In his own party, Mr. Eisenhower does not have to lift a finger to get the nomination. The pressures are upon him to run. If he does not speak out and declare himself not a candidate early in 1956, it will be taken for granted that he is in the race.

As President, Mr. Eisenhower is the head of the party. He can call the turns for the National Committee. After a reshuffling of the Committee, his friends now hold the controls.

(Continued on page 36)



-USN&WR Photo

WHEN CONVENTION TIME ROLLS AROUND . . .
. . . it will be too late for an outsider to get started

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Johns-Manville Fibretone offers an acoustical ceiling which is highly efficient yet modest in cost. It consists of 12" square panels of sound-absorbing materials in which hundreds of small holes have been drilled. These holes act as "noise-traps" where sound energy is dissipated. Fibretone is predecorated, can be painted and repainted, and is available with a flame-resistant finish.

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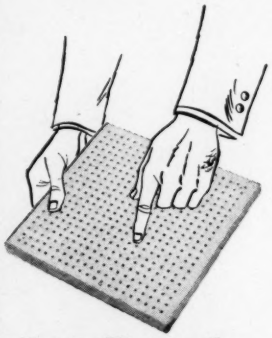

Fibretone Tiles are easily installed over new or existing construction. Hundreds of small holes drilled into the sound-absorbent panels increase acoustical efficiency.

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A great many of the President's friends are convinced that he is the only Republican who can win in 1956. These are citing the loss of Congress to the Democrats in 1954 as a reason why the party must put up its best candidate. And Mr. Eisenhower is listening to their arguments.

Adlai's advantage. On the Democratic side, the party machinery is in the hands of men and women who are friendly to Mr. Stevenson. He is not yet openly in the running. But the plans are being set for him to run. There are efforts to throw roadblocks in the way of other candidates.

There is a widespread belief among friends of Mr. Stevenson that he is the best candidate his party has. They regard

—Costello in the Albany Knickerbocker News

"PREVIEW"

. . . a second race?

him as stronger now than he was in 1952.

Practical politicians say that the shift to late Convention dates simply means that the fight for presidential nominations is to be forced into the open in the future. It will not be easy for an aspirant to try to back into a presidential nomination by disavowing his candidacy and being coy.

The late Convention would drop a candidate into the midst of a running battle for election almost at the moment he is nominated. From mid-September until the first week in November there would be a period of hectic battle. In one burst of wide-open publicity, a party would try to sell its candidate to the public.

This means that an unknown candidate faces a serious handicap. He must make himself known to the public before convention time.

There are two ways in which he can do this. One is to enter the primary races in the 16 States that pick convention delegates by popular election. The other is by spearheading a spectacular congressional investigation whose work is timed—and televised—to bring the candidate before the public.

Nominee must be ready. A practical political consideration also is likely to force candidates into an open fight for delegates. If there is a late Convention, the winning candidate must be ready with a campaign organization to throw into action immediately. This organization must reach all the way down to the voting precincts. It distributes campaign literature, arranges for rallies, stirs up the voters, gets them to the polls. Such

—Pletcher in the Sioux City Journal-Tribune

"THAT GETTYSBURG FARM"
. . . a second term?

an organization can only be established by a candidate who is out fighting for a nomination.

In the case of Mr. Eisenhower and Mr. Stevenson, the party organizations already are geared around their personalities. They can swing easily into a campaign tempo.

An outsider, however, must start building his organization from the ground up. In State primary battles the candidate meets the right people on their home ground. In the 32 States that do not have primaries to choose delegates, the candidate makes contacts with the party workers in the meetings at which he makes his bid for their support. This calls for an open fight for nomination.

Actually, instead of shortening the political tumult over the Presidency, the late conventions may tend to prolong it.

In each party, presidential aspirants

(Continued on page 38)

"What's this new Quaker State Super Blend I've heard about?"

Super Blend is the new year-round oil with that *endurance* and super quality exclusive to Quaker State products. It is a *high compression* oil, specially blended for modern cars. It is a *high-detergency* oil—keeps engines clean, free from sludge and varnish—more powerful, better performing. Saves on gas, too. Scientifically super-refined from finest 100% Pure Pennsylvania Grade Crude Oil. Try it!

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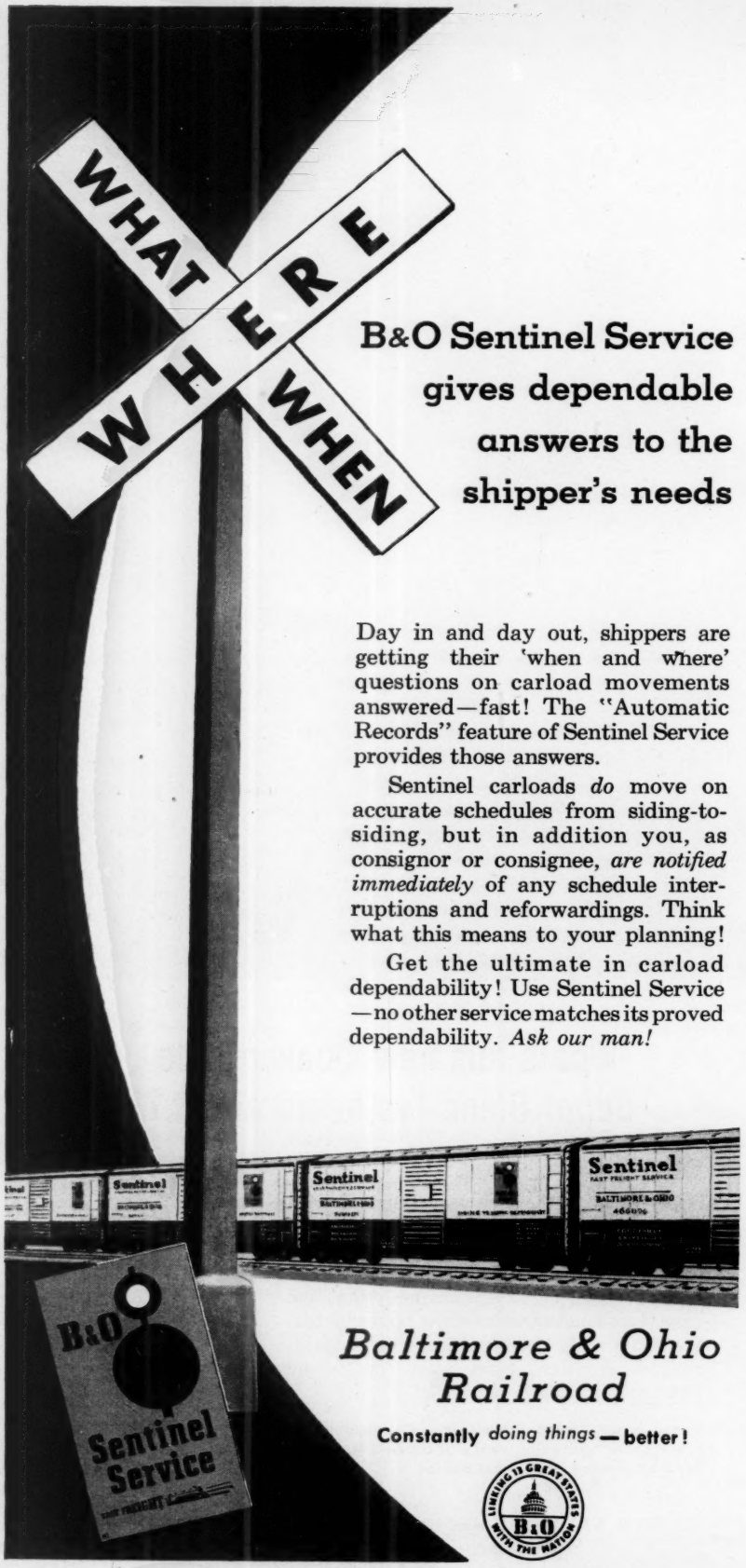
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LINKING 13 GREAT STATES WITH THE NATION
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will begin feeling out their strength before the end of 1955. If they get encouragement, they will begin showing their hands early in 1956, entering primaries, trying to build strength outside their home States. This is especially true in the Democratic Party, where Mr. Stevenson does not have the power of federal patronage to hold the party in line.

Value of primaries. A good showing in the primaries does not necessarily mean that a candidate is to win his party's nomination, however. In 1952, Mr. Stevenson got the nomination without going into the primaries at all. He never avowed his candidacy. Senator Estes Kefauver of Tennessee, who fought hardest in the primaries and picked up the largest number of delegates there, failed to win the nomination.

Mr. Kefauver's showing in the primaries was helped along by the fact that he had led a Senate investigation into crime conditions.

After the primaries, the Tennessee Senator was not only better known but more favorably regarded in the polls than was Mr. Stevenson, who later got the nomination. Dr. George Gallup, director of the Gallup Poll, predicted in the spring of 1952, before the conventions, that Mr. Kefauver would run about 4 percentage points ahead of Mr. Stevenson in a nation-wide race against either Mr. Eisenhower or the late Senator Robert A. Taft.

The conventions were held in July. More than three months were left for an intensive campaign. As Mr. Stevenson became better known, he gathered strength. In the final showdown at the polls, he ran about 10 percentage points better in actual votes than the strength that had been listed for Mr. Kefauver in the samplings of public opinion.

High cost of running. With the late conventions, however, there will not be time enough left for such a publicity build-up as Mr. Stevenson got in 1952. The candidate must make himself known—at his own expense—before the campaign starts. He cannot depend entirely on the television and radio time that his party will buy for him after the nomination.

The cost of campaigning reached towering proportions in 1952. Some estimates of the campaign spending ran as high as 82 million dollars. By train and plane and automobile, Mr. Eisenhower traveled almost 50,000 miles; Mr. Stevenson, 32,500 miles. Each of them made more than 200 speeches.

If they are to be matched against each other again in 1956—as the signs now seem to indicate—the shorter time for the campaign will trim down both words and travel for them.

Senator Knowland Asks:

WILL IKE BE A RELUCTANT CANDIDATE?

Not all top Republicans are backing a "Draft Eisenhower" movement for the 1956 presidential campaign. Among those holding back is the influential Senate Republican Leader, William F. Knowland, of California.

Senator Knowland explains his stand—and gives his views on his party's '56 chances if another candidate is nominated—in this transcript of a television program where he was questioned by reporters.

Following is the full text of a section of the Jan. 9, 1955, "Meet the Press" television program in which Senator Knowland discussed the possibility of President Eisenhower's renomination in 1956:

J. William Theis [International News Service]: Senator, to get to a form of home-front domestic warfare, a while back you declined to join with Republicans who were saying that President Eisenhower should be drafted for a second term. Some people got the idea that you wanted to keep the race open. Is that your thought or how do you feel about the second term for the President?

Senator Knowland: No, but I think that's a decision which Mr. Eisenhower first has to make for himself. I'm sure that he wouldn't want—and I doubt if the party would want—to have a reluctant candidate for the presidency.

Mr. Theis: Well, isn't there a bit of a drafting motion now? A great many of your colleagues have already made announcements. Chairman Hall [Leonard W. Hall, Republican National Committee Chairman] has said he's assuming in planning the 1956 convention that the President will be a candidate. Are you going to join in that movement or not?

Senator Knowland: I think the job of the National Committee is to elect and not to select the candidate of the party—that's for the delegates at the next national convention.

Mr. Theis: Well, what will the California delegation do?

Senator Knowland: That I don't know. The people of California—we have a direct primary in California.

Mr. Theis: Can they do much other than support an Eisenhower-Nixon ticket since a Californian is now the Vice President?

Senator Knowland: Well, I think Californians along with people of the rest of the country will decide that when the President makes up his mind as to whether he's going to run or not.

Mr. Theis: You have some doubt on that point?

Senator Knowland: No, I've never believed in the doctrine of the indispensable man, but I believe it's up to the President first to determine whether or not he's to be a candidate.

Mr. Theis: That rules out the draft then, is that right?

Senator Knowland: No, it doesn't rule out the draft but I don't think that we should have, as I said before, a reluctant candidate who had to be pressured into running for the presidency.

Jack L. Bell [Associated Press]: Senator, I take it you're saying that if Mr. Eisenhower's a candidate, you don't think there's any doubt that he'll be renominated, if not re-elected?

Senator Knowland: It will be the first time in history that I can recall that the candidate of his own party was not renominated if he wanted the renomination and if he carried out the party's platform and if the record of his Administration met the approval of the voters of his party and of the nation.

Mr. Bell: Well, now, let's get back to this point a little bit further then. If you think he ought to be renominated—you haven't said, I don't believe on that score—you've said he shouldn't be if he's reluctant, but suppose he wasn't reluctant—

Senator Knowland: No, I said I would make my decision on that when the President makes his decision.

Mr. Bell: Well, now, when the President makes his decision, if it's adverse to yours, are you likely to be a candidate for favorite-son designation from California?

Senator Knowland: I find I have enough troubles being the first Majority Leader without a majority and now Minority Leader of the Senate.

Mr. Bell: Well, Senator, you must have a majority in California—

Lawrence E. Spivak [regular "Meet the Press" panel member]: Senator, aren't most of these Republicans proceeding on the belief when they say they ought to draft Eisenhower or insist that he ought to run, aren't they proceeding on the belief that the Republicans can't win in '56 with anybody else? Do you go along with that?

Senator Knowland: No, I don't go along with that theory.

Mr. Spivak: You believe, then, that the Republicans don't have to nominate Eisenhower in order to win again? That was more or less the contention in the last campaign, the last convention, '52.

Senator Knowland: No, I think the Republican nominee at the next convention will be elected.

James B. Reston: [*New York Times*]: Senator, did your answer to Mr. Bell's question mean that you will not be a candidate for the presidency if he doesn't run?

Senator Knowland: Well, now, I'm not a candidate, I'm not—I've got a job to do in the Senate to try to get as much of the program of the Administration through as possible. We did a very good job the last time.

It seems to me that all Republicans, instead of beginning to do party politics for 1956, had better cross the bridge of 1955 first. It seems to me that if we adopt a constructive program—and I think the President has recommended a constructive program—and if we have as good a batting average of getting it through Congress as we did in the 83d Congress, that 1956 will take care of itself.

I can think that nothing would cause more difficulty in getting through the program either with the Democrats or with the Administration than to have party politics, either Democratic or Republican, take the limelight in 1955. It's going to be bad enough in 1956.

WHAT'S WRONG WITH FRANCE—

Setup Is Shaky, Disunity the Usual Thing

France, the wobbly ally, is coming under inspection again. Elections, due soon, may show the West what to expect.

Election reforms are to get a try, but they aren't guaranteed to take the teeter-totter out of French governments.

Crises, something near chaos, are built-in features of the Constitution. No politicians stick together—except the Reds.

PARIS

A new look at the French is worrying American officials here.

Politicians in Paris are going to have to go home and face French voters this year. A new Senate will be chosen. There must be nation-wide elections for the all-powerful Assembly in 22 months. They may come sooner.

What the U. S. and the rest of France's allies want to know is whether there is a chance of getting a stable Government in Paris. Lack of stability in France, so far, has made the Western Alliance itself a shaky structure.

The U. S. has a big stake in France. Six divisions of American troops in Europe count on supply lines through France. Billions of U. S. aid dollars are invested in France alone.

Instability. In spite of this, France remains politically unsettled. Even the current Premier, Pierre Mendès-France, widely hailed as a "man of action," is a prisoner of the bickering, bargaining, political intrigues and long debates of the National Assembly of Deputies, which holds the power in France. And the 627 Deputies are so divided, so prone to upset Cabinets and break up alliances, that they often give the appearance of complete anarchy.

One day out of four, according to independent French estimates, France is waiting for a political crisis, undergoing a political crisis or recovering from a political crisis.

Only one Premier in the last nine years has held office long enough to collect his full annual salary of $7,360. That was Henri Queuille. His first Cabinet lasted one year and 26 days. Two succeeding governments fell in a matter of weeks, so the Assembly gave Queuille another try. His second Cabinet lasted less than three days.

Since the end of World War II, the French have had 20 governments. No other country in the Western Alliance has shown such instability. You get the comparison in the chart on page 41.

Average life of a French Government since the war has been five months and six days. And many governments lasted that long only by postponing decisions which eventually brought their downfall. Between governments, France has gone as long as 36 days with no leader capable of speaking for the country.

Leaders lack power. There is a President in France who serves for seven years, but he hasn't much power. His main job is to pick a man to try to form a new Government each time a Cabinet falls. It keeps him busy.

Even the French Premier has little real power. On matters of importance he must seek the permission of the Assembly.

Government by Assembly in France, as one American observer here put it, is "government by crisis." For more than three years a group of Communist Deputies has helped prevent the rearming of Western Germany.

Through this period the U. S. has pumped billions of dollars in economic and military aid into France. Without this aid the French economy would have collapsed. But even with this aid France remains the weakest link in the Western Alliance, the slowest to move and often the last to act.

Elections may change this picture. By law a new Assembly must be elected in 1956. Premier Mendès-France himself is anxious to get big, stable majorities in the Assembly or appeal to the people in new elections. By law, these elections must come in the summer of 1956. They can come earlier if a majority in the Assembly is willing.

Right now, however, France is ruled under a Constitution which gives the Assembly all the real power. This Constitution was written and approved in 1946 when France was dominated by an alliance of moderates, Socialists and Communists. The alliance was dissolved long ago, but many Frenchmen blame the postwar influence of Communists for their present troubles.

Fear of "strong man." At the time, all three groups wanted to protect France

THE MUDDLE IN FRENCH POLITICS
How 627 votes are divided among political parties in the National Assembly
SOCIALISTS 105
PEASANTS 22
PROGRESSIVES 4
COMMUNISTS 94
DEMOCRATIC SOCIALIST RESISTANCE UNION 24
INDEPENDENT PEASANTS 28
POPULAR REPUBLICAN MOVEMENT (MRP) 85
OVERSEAS INDEPENDENTS 16
DISSIDENT DE GAULLISTS (RSA) 33
RADICAL SOCIALISTS 76
INDEPENDENT REPUBLICANS 54
DE GAULLISTS (RS) 72

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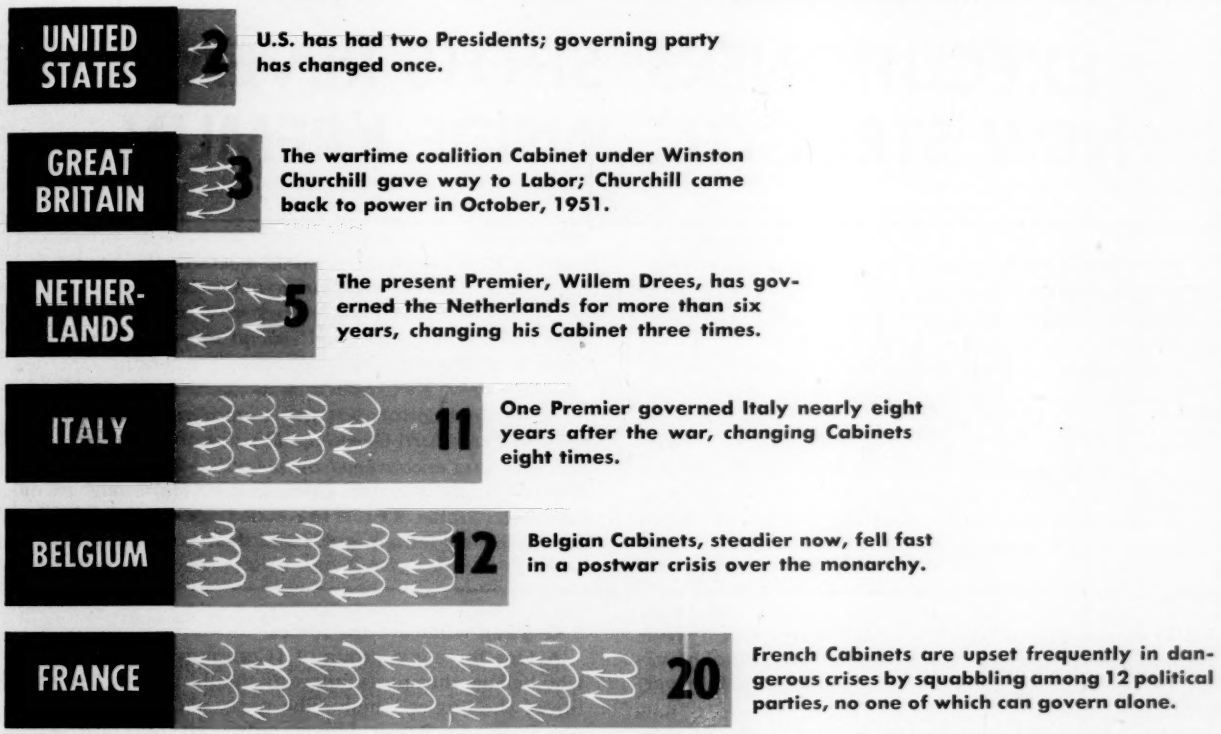
TURNOVER IN ALLIED GOVERNMENTS

Number of Governments Since World War II:


UNITED STATES
2
U.S. has had two Presidents; governing party has changed once.
GREAT BRITAIN
3
The wartime coalition Cabinet under Winston Churchill gave way to Labor; Churchill came back to power in October, 1951.
NETHER-LANDS
5
The present Premier, Willem Drees, has governed the Netherlands for more than six years, changing his Cabinet three times.
ITALY
11
One Premier governed Italy nearly eight years after the war, changing Cabinets eight times.
BELGIUM
12
Belgian Cabinets, steadier now, fell fast in a postwar crisis over the monarchy.
FRANCE
20
French Cabinets are upset frequently in dangerous crises by squabbling among 12 political parties, no one of which can govern alone.

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against the rise of a strong man, a one-man government. They feared the wartime leader of the "Free French," Gen. Charles de Gaulle.

The Communists wanted a strong Assembly, which they thought they might dominate. French voters, by small majorities, rejected one constitution that scrapped the upper house, but finally accepted another that still placed all real power in the Assembly.

In addition, France also has an election law written and approved when Communists sat in the Government. It provides for elections under a system of proportional representation which makes political parties, not personalities and local issues, most important.

Net result of all this is political chaos in France.

A dozen political parties emerged from the postwar scene. Year by year, sometimes month by month, they splintered, merged, dissolved and reformed. During elections, they formed coalitions to get votes; after the elections, these coalitions dissolved into warring factions.

No single party through this period was strong enough to rule alone. You get today's picture in the chart on page 40 listing the parties by their numerical strength in the Assembly.

Only the Communist Party leaders actually can deliver the votes of every Assemblyman in the party. Communists vote as ordered. Communist Deputies even turn $325 of their $440 monthly salary over to the party organization.

Premier's troubles. Mendès-France, out to get stability in France, is rated as a "strong" Premier. Part of his strength rests in the fact that the Assembly can see no successor save politicians who have already failed to run France. But Mendès-France is heading into trouble.

Just recently, for example, the Assembly agreed to amend the Constitution so that a Premier-designate needs only a simple majority of the Deputies voting to confirm his Government. Previously an absolute majority of 314 Deputies was required.

But the same Assembly flatly refused a change which would have required all Assemblymen to face new elections if they upset too many governments. The Assemblymen are in no hurry for elections. So the net result may be to cut crises short, but to permit France to have more of them.

Latest move by Mendès-France is to seek a change in the election law, returning to a system which places the emphasis on personalities in local elections. Communists, profiting under the present law, oppose the change. But there is a good chance that Mendès-France can get it through the Assembly.

Moscow's attitude. Communists won 26.5 per cent of the popular vote in the 1951 elections. They are expected to lose a few Deputies in 1956. For the present, however, Moscow appears content to have French Communists do what they can to encourage the confusion inside the Assembly.

French instability is nothing new. From 1789 to 1946, France had 13 different constitutions. In the 65 years before World War II, the French had 93 different governments. But French political instability, at this point in world history, is turning out to be a dangerous weakness in the Western Alliance.

Interview with FORMER SOVIET SPY

Nikolai E. Khokhlov

Trouble Behind the Iron Curtain—

EXECUTIONERS' SHOTS REVEAL NEW STRUGGLE INSIDE KREMLIN

EDITOR'S NOTE: *There's an important new change in Soviet policy that increases the danger of war. Another struggle for power is developing inside the Kremlin: It's Malenkov vs. Khrushchev.*

Authority for these statements is a man who until less than a year ago was a captain in the Soviet Intelligence Service, Nikolai E. Khokhlov. To get the inside story of what is going on in the Soviet Union, "U. S. News & World Report" invited Mr. Khokhlov to its conference room. In the interview that follows, he tells what is behind the current struggle in Russia —and why it is dangerous to the West.

NIKOLAI E. KHOKHLOV *spent 13 years in the Soviet Intelligence Service. He joined it at the age of 19, was a spy behind German lines in World War II. After the war he performed special missions in Rumania and Western Europe, rose to captain.*

In 1954, Mr. Khokhlov was assigned to supervise the assassination of an anti-Communist Russian leader in Frankfurt, Germany. Disillusioned by Communism—and encouraged by his wife—he foiled the plot and joined the anti-Communists. He is now in the United States. Efforts to rescue his wife and child failed and they remain in Russia, their fate unknown.

Q *Is there a fight going on now inside the Kremlin for personal control over the Soviet Union, Mr. Khokhlov?*

A Of course. That fight is always going on. It never stops.

Q *Just a few weeks ago, in late December, the Soviets announced that Viktor S. Abakumov and three other former officials in the Ministry of State Security had been executed as conspirators with Lavrenti P. Beria, the former secret-police chief who was executed in 1953. What was behind those executions?*

A This announcement was not very clear, and so it was received in the West with some confusion, and it created a sensation as showing a very important development behind the Iron Curtain.

Q *Is there some big new change in the Soviet Union?*

A Yes. There is an important new turn in Soviet policy. But let me tell first the facts, and then what I think is behind the facts.

There is inside the Central Committee [of the Communist Party] an interesting and very little-known struggle between two forces in the Soviet Government.

Q *What are these two forces?*

A There is much talk in the West about different forces in the Soviet system. There is much talk about the Army—Marshal Georgy K. Zhukov [Deputy Defense Minister] and others—talk that they can influence the policy of the country. This, from my viewpoint, is completely wrong, because an Army officer, if he is very high, as Zhukov, is very closely supervised, and in these high circles the Army does not represent any force.

Q *Then what are the forces?*

A One force is a group of [Communist] party people who believe that party interests should be over the whole life of the Soviet Union. The party should be first, and not over the Soviet Union only, but over the whole world. Actually, these people are fighting for world domination by Communism.

The second force are people who do not believe so predominantly in party but are always trying to serve the Soviet state first. Maybe we can call the first group "party people" and the second group "Soviet state people."

The first force, the party force, consider themselves, first, not as citizens of a country—Russia—but as representatives of a world camp of workers and exploited peoples.

The second group is a kind of people who always talked: "O.K. Let us have party doctrine. But we have our Soviet state, our fatherland. We shall serve first our state—and not sacrifice its interests for the dogma of world Communism."

That is the background of different internal struggles in Government circles in the postwar times.

Q *How is this struggle waged?*

A Of course, the struggle inside the Soviet Union is not a struggle for power like in South America. In South America they have only to collect enough people with guns and shoot the rulers in power.

In the Soviet Union you can't do that. You try to collect enough arguments against your adversary, your

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Khrushchev, for World Communism, vs. Malenkov, "Russia First" . . . "Coexistence" Idea Dropped

enemy, to prove that he is betraying Communist doctrine.

Q *Who are the adversaries in this struggle? Who leads these two forces?*

A One block was headed by Andrei Zhdanov [former Politburo member who died in 1948]. In this bloc we can see now were Nikita S. Khrushchev [now First Secretary of the Central Committee], Marshal Nikolai A. Bulganin [now Defense Minister], Semyon D. Ignatiev [ousted from Central Committee secretariat in 1953] and others. These were people who believed that the party interest must be put over all. This bloc had strong support from Marshal Stalin, because Stalin was more inclined to this philosophy.

Q *And now, with Stalin dead, who heads this bloc?*

A Apparently Khrushchev. He was brought to Moscow by Stalin in 1949 and various people used him to counterbalance the bloc of Beria and Georgy M. Malenkov [now Premier].

Q *So Beria and Malenkov were in the "state first" group?*

A There was Beria, Malenkov and Abakumov, perhaps Foreign Minister Vyacheslav Molotov, and others. Beria was not so much for party. He was more to make the Soviet state powerful and to have power himself and maybe sometime to take the place of Stalin.

Q *And now, with Beria and Abakumov dead, there is Malenkov. Where does Malenkov stand on policy?*

A Malenkov is one of the people who were more for the idea of serving the state first—even at the price of coexistence with the West. When Malenkov came to power after Stalin died, he said: "Let us now lay heavy industry aside for a while. The people cannot eat heavy industry, they cannot wear it or use it in their daily life. We should care for the needs of our people." Then light industry was put first, to make goods that the people can use.

Q *Under Stalin, heavy industry had always come first, ahead of consumer goods, hadn't it? Why did they change after Stalin died?*

A Because they were afraid of the people. The people were tired of trouble and bad living. After the war, the people expected many changes—better living and so on—and the changes did not come. The Government had to do something to save the state from demoralization.

So they promised the people very much—new living standards, more light industry and other things. It was a temporary victory for the "state first" people, not "party dogma" people. It was also a moral victory for the common people, too.

Q *Did they keep these promises to the people?*

A In a short time, a year, they saw they could not do it. They cannot get really good living standards, they cannot get really good relations with the West. They cannot do anything better than Stalin did.

Then, in December, 1954, came a new turn in Soviet internal policy. This turn was not enough realized in the West.

Q *Which way did they turn?*

A It was a turn to the rehabilitation of Stalin, a return to the policy of party over all. After his death, Stalin had been shown to the people as the man who was to blame for the low living standards the citizens had for so many years. After Beria was arrested, there was a special session of the Central Committee. There was prepared a secret report on the Beria case. By chance, I saw it. It was supposed to accuse Beria, but more it accused Stalin.

Q *But now they are going back to Stalinism?*

A The first sign of this turn was an article in *Pravda* on 19 December about Stalin. They wrote that Stalin is very important, that he was a very good man who did all he could for the Soviet Union, but that he had many enemies. People were told that heavy industry must come first, to be sure that their country is strong enough to help the international dogma of world Communism.

Q *Is that what they are saying now, too?*

A Yes, since 19 December. Then, on 21 December, an article was written by Vladimir S. Kruzkov, the head of propaganda services in the Central Committee. In these articles you will see how they are trying to

(Continued on next page)

—USN&WR Photo

NIKOLAI E. KHOKHLOV is interviewed in the U. S. News & World Report conference room

. . . "Single hope of revolt: Army in satellite countries"

establish a continuity between Stalin's policies and Khrushchev's policies. Now again it is heavy industry first. Why? Because heavy industry can assure the armament of your country and help to defend, if one day it is necessary, the dogma of world Communism.

Q *Then our period of coexistence is going to be short?*

A I think so, yes. Since December the theory of coexistence is actually dead in the Soviet Union.

Q *You think this new turn is more dangerous for the world than the old policy?*

A Oh, yes, because this turn represents an attempt to consolidate the Soviet people on the basis of communistic chauvinism, which is very dangerous. Chauvinism is usually something where you accept only your country, but Communists turn it into world communistic chauvinism—accepting the U.S.S.R. as the fatherland of all workers, in other words, Communists.

Q *To sell the people the idea that it is the same thing to serve the U.S.S.R. and to serve world Communism?*

A That is it. It is a very dangerous thing. But this new turn is also a good sign—a sign that the internal situation in the Soviet Union is very bad for the Soviet Government.

"The internal situation in the Soviet Union is very bad for the Government"

Q *In view of the internal dissension, how can the Soviet Union mount a full-scale war?*

A The Russian people have a special quality which could be dangerous if the West does not find the right way to the heart of the average Russian citizen. The Russian people are very, very patriotic. When you tell a Russian his country is in danger, he will fight. When the Soviet state can persuade the Russian people that the West is doing something dangerous to Russia, then they can start a war. Only then.

Q *But do you think there is any chance of the people's revolting?*

A In my opinion, today in Russia there are still not enough people who will actually fight for a revolution. But there are enough people who will not fight against a revolution—many who will stand aside passively. But the power of the secret police is much too strong to expect soon a revolution inside Russia.

Q *This means, then, that those people at the top will continue to fight among themselves? Will there be a fight between Malenkov and Khrushchev?*

A That will be the fight—a fight for power by the people who say "party dogma over all, interest of world communism first, if necessary, even at the price of a war."

Q *And Malenkov is on the other side in this fight?*

A Malenkov is on the other side. And this side takes the attitude: "O.K. This Lenin dogma about world domination—we should not care about that too much. We have our Soviet state. Where we can build up our light industry, we shall do it. Where we can coexist, let us coexist."

Q *Then, with this new turn, is Malenkov lost? Or is he better at intrigue than Khrushchev?*

A It's very difficult to say. As I said, in South America you can judge who will be the most powerful—the one who can collect the most guns and gunmen. But in Russia, it is who will collect the most arguments to prove that his enemy betrays the Communist dogma. He is the one who will influence the public opinion, the Central Committee, party employes—and maybe a part of the Soviet people, too. Because what is important is the mood of the Soviet people. Who will be more able to relax the people and have them not revolt?

Q *You said the secret police were too strong for a revolution inside Russia. Then how can a revolution begin?*

A The single hope is that the [Soviet] Army in satellite countries will be able to revolt and to help some uprising of the enslaved countries outside of Russia.

You know, that June 17 [1953] uprising in East Germany could have been the beginning of a revolution, the beginning of a new era. But, unfortunately, both sides—both East and West—knocked it down.

Q *But didn't the Soviet Army help to put down that uprising in East Germany?*

A The Russian soldiers came to East Berlin in tanks. But when German workers attacked the tanks, the soldiers did nothing but turn their heads. The Soviet Kommandatura arrested and shot 18 Soviet soldiers and officers who refused to shoot the German people in Magdeburg.

Q *You say both sides—East and West—helped to knock down the East German uprising. What did the West do to knock it down?*

A When these German workers first started marching in East Berlin, some Americans began to egg them on.

. . . Soldiers "no longer believe Soviet myths"

But, unfortunately, the American officials and Government did the contrary. In Washington men said, "This might mean war. Stop it." In West Berlin were 100,000 people ready to help the uprising. But they were blocked from going into East Berlin.

Q *So we missed a great opportunity?*

A Yes. But I can understand that. The people in the West are actually wrongly informed about the situation in Russia and East Germany. They thought that if there is an uprising in East Germany the Soviets will start a war. This is wrong. The Soviets cannot start a war with the fire of uprising burning in their own house.

Q *Was this East German uprising purely spontaneous?*

A Entirely spontaneous. Between us, that was not really an uprising. In an uprising you have a lot of people with a fixed goal, a well-co-ordinated plot, and these people move masses, use people to get a goal. But you had the contrary on 17 June. You didn't have people with a plot. It started with just about 180 people —workers, in East Berlin.

Q *Were you in Berlin then?*

A I was in Moscow. But I prepared some material for the commission which reported about 17 June to the Central Committee, because my desk was the Germany desk, and I knew how it happened.

Q *How did the uprising happen?*

A These 180 workers started it on Stalin Allee, in East Berlin—a Communist show street of new buildings. The workers revolted against a rise of 10 per cent in their work norms.

They began only to walk in the direction of Alexander Platz and when they came there they were over 1,000. Then they turned toward Pankow [the building of the Communist East German Government], and there were about 2,000 people. And more people came. They had placards: "Down With the Pankow Government." What they did not know was that the Pankow Government had fled in a Soviet tank and the building was empty. They could take it very easy. But they did not because nobody came to tell them, "Take this building."

Q *Why do you put so much hope of revolt in the Soviet Army, when the Army is so tightly controlled?*

A The high people in the Army can't do anything. But when you get down into a regiment, you have a different atmosphere.

"There are still not enough people who will actually fight for a revolution"

—USN&WR Photos

The most important weapon of the Soviet Government against the citizens is the mistrust by one citizen of another. This mistrust can be cultivated in peacetime. But in the war, in the face of bullets and death, Soviet soldiers became such close friends that this curtain of mistrust between people was broken down. Since World War II, in the Army you can speak freely and trust each other.

Also, the Russian Army now has been abroad for many years. They have seen Germany and other satellite countries. They saw how simple workers live in these countries and they no longer believe these Soviet myths about poor workers and peasants exploited by capitalists.

Q *Now, getting back to this struggle for power, what kind of man is Khrushchev?*

A Khrushchev is much more a party man, for party interest over all, for heavy industry, for armament first, and the dogma of world Communism.

Q *Is he a strong man?*

A He's a peasant. He's shrewd. He's fanatic. He's very decisive. He's ready to fight for party government.

Q *Is Khrushchev more like Stalin?*

A No, Stalin was in his own way a genius—maybe a genius of evil, but a genius. He understood very well how to have friends and to kill them without to have trouble. I don't think Khrushchev has this same quality that Stalin had.

Q *Why did Malenkov turn against Beria? Was he afraid of him?*

A Malenkov knew Beria's methods—that he was just awaiting the time when he could destroy Malenkov and take power. He knew Beria very well.

Q *How does Abakumov's execution fit into this new Soviet pattern?*

A In my opinion, the case of Abakumov is being used now by the party to turn back to the policy of Stalin—of world dogma, armament, and the fight for world domination of Communism. It is one of the steps connected with this new turn.

Q *Did you know Abakumov and these other three people executed with him?*

A Actually, I didn't know them personally, but Abakumov was the chief of my office at one time. You know, it has been said that I was with the secret police. I was never with the secret police. I was in the military-intelli-

(Continued on next page)

. . . "Among those arrested was Molotov's wife"

gence service. It was more political than military—we don't have so much difference. But actually you have two intelligence services. One is a military intelligence and the other you might call party intelligence.

Q *What was Abakumov?*

A Abakumov was a Chekist, a member of the extraordinary committee formed to combat the enemies of the Soviet system. This was the old secret police. The name of Cheka became a symbol for those who fanatically devoted their lives to fighting the enemies of the Soviet system.

In 1938, when Beria came to the post of Minister of State in the NKVD, the Peoples Commissariat for Internal Affairs, he began to build around him a circle of people whom he could trust.

BERIA'S CLIMB TO POWER—

Q *Were they Chekists?*

A Most of them were. In 1940, Abakumov became his deputy. He served Beria very good. Beria actually got in his hands all the power of the secret police. And he assigned Abakumov as head of a special section that had men in every Army unit. They supervised the Army, combating spies or anyone who thinks contrary to the viewpoint of the party. After the war, these sections were dissolved.

In 1946, Abakumov became Minister of State Security. And, when I look back, I realize he was actually the right hand of Beria to help him make postwar policy. He was Minister of State Security until 1951.

Q *How did Abakumov get into trouble?*

A Now we come to the problem of Jews in the Soviet Union—because Jews often consider themselves not only as citizens of a country where they live, but as members of an international Zionist movement. They have their own history and tradition, and in Soviet Russia are sometimes more interested for their own people than for the theory of world Communism. That was what the Zhdanov group could not excuse.

So, in 1948, Zhdanov and some other people began a struggle against Jews. They accused the Jews of being cosmopolitan and therefore dangerous to the Soviet state because they might become agents of a foreign intelligence service.

Q *What happened to this fight against Jews?*

A Zhdanov died in 1948 and immediately Beria and Abakumov made in Leningrad a trial. They said that this group which accused Jews of cosmopolitanism were only Great Russian chauvinists and not really good Communists. So some very high people were tried. Some were shot and some put in jail.

Q *When was this?*

A In the beginning of 1949. Abakumov was then Minister of State Security and he led this trial. This was a temporary victory for Beria, Malenkov and Abakumov. In 1949, 1950 and 1951, the anti-Jewish combine was broken down.

But, in the meantime, the other bloc did not let go its struggle. They tried to get to Stalin, to persuade Stalin that the cosmopolitan principles of Jews are dangerous for the Soviet state. One of the people who joined in this bloc was Khrushchev.

Q *How did they get Abakumov?*

A To Abakumov happened something very bad. Abakumov, in his own Ministry of State Security, tried to weld a collective of the people he considered valuable, without regard for whether they were Jews or not. So, by chance, came together there many Jews.

The party-group members did not like this, but they were afraid to report it to the Central Committee because between them and Stalin stood Beria. But Beria and Abakumov had very bad luck.

WRECKED BY SPITE—

Q *What kind of bad luck?*

A A certain Mr. Ryumin [Mikhail D. Ryumin] was a senior investigator in the Ministry of State Security. Once he asked for a vacation and didn't get it. So he said to himself, "O.K. I show you." And he wrote a report to the Central Committee that Abakumov is the father of all the Jews in the Ministry of Security and that his personal conduct was immoral.

Unfortunately, this report came to Ignatiev, who was at that time the head of the personnel desk of the Central Committee. And he did not forget the injury that the "party first" bloc had suffered from the intrigue of Beria and Abakumov in the Leningrad trial. So Ignatiev immediately presented this report to Stalin. The result was that a special committee was named, with Ignatiev at its head.

Abakumov was taken immediately into state custody. Among those arrested in this period was Mrs. Polina Zhemtchuzina, the wife of Molotov. She had been at one time Minister of the Fishing Industry. There were also arrested many generals of the State Security, very important persons, most of them Jews. One of them was Gen. Leonid A. Eitingon. His is a very interesting case.

Q *Who is General Eitingon?*

A He is the Lawrence of Soviet Intelligence, the most important figure of Soviet Intelligence. He organized the killing of Trotsky, he was the head of world intelligence activity and spying in the war. With him was arrested the very important Gen. Leonid F. Raikhman, husband of Lepeshinskaia, the most known ballerina of the Soviet Union.

Now, this is not known in the West, what I am telling here for the first time. Abakumov was tried by a court and got 25 years in prison. This was considered a small revenge upon Beria.

Then, late in summer, 1952, after he had convinced

. . . "People began to laugh—and laugh kills fear"

Stalin that the Ministry of State Security was clean, Ignatiev was made the new Minister of State Security. And of course the grateful Ignatiev made Ryumin his deputy for investigation. And then they did what they wanted. They fabricated the doctors' trial.

Q *What was the purpose of the doctors' trial?*

A They wanted to show to the whole world that the Jews really are enemies of the Soviet state. The first accusation against the Jewish doctors was that they killed Zhdanov. This was published in the beginning of 1953. With this, the temperature of the anti-Jewish campaign rose to an unbelievable degree. It was a persecution of all Jews.

REVENGE—

Q *Then what happened when Stalin died?*

A When Stalin died, came Beria and Malenkov. Actually, Beria did very much for Malenkov and Malenkov should be grateful to Beria that he is where he is now. Beria trusted Malenkov so much that he never expected Malenkov would do to him what he did.

The first step that Beria did after Stalin's death was to get revenge for the Ignatiev-Ryumin affair. He released immediately most of the arrested Jews. He publicly denounced the conviction of the Jewish doctors. Ryumin was arrested and Ignatiev was excluded from the Central Committee.

And then, when General Raikhman came out of jail, his wife, the ballerina, had in the meantime married a second time without a divorce, so she was in a bad situation with two husbands. But in a couple of months Beria was arrested and the same Jews were in jail again, and once more she had only a single husband.

Q *Did Abakumov ever come back into power?*

A No. It was not possible because Abakumov was sentenced officially by a tribunal. And now, to prove the motives for which Stalin fought against Jews were right, there was held in Leningrad last December an open trial to rehabilitate all the people who were tried in 1949 by Abakumov's group.

And they shoot Abakumov. They use his case to revive the principle that all the world is divided in two camps—capitalist and Communist—and you cannot be in between. As a matter of fact, that was the main accusation of Zhdanov's group against the Jews—that they recognized their own Zionist relations as more important than the Communist struggle.

Q *What group caused Beria's arrest?*

A When Beria was arrested, it was a counterstroke by a group including Khrushchev and other people and also Malenkov, who for this time co-operated with Khrushchev.

Q *Then Malenkov really turned against one of his best friends?*

A Yes, this was an unexpected blow to Beria.

Q *Beria must have been naïve?*

A Oh, no, Beria was not naïve.

Q *Did the death of Beria destroy the power of the secret police he headed?*

A It destroyed the prestige of the secret police. The developments of 1953 and 1954 made a very great impression on the Soviet people. In the beginning of '53, the people realized that the Soviet system is wrong, but what stopped them from thinking more freely and actively was the fear of the secret police. Then came the downfall of Beria.

Q *How did the people react to Beria's arrest?*

A When Beria was arrested, I was in my apartment in Moscow. It was summer and I had the window open. It was evening and some worker youths were playing a harmonica and guitar and singing some songs.

We have a Russian tune, "Ochytchiornya" ["Dark Eyes"], and part of it says, "Kiss me and I will kiss you, then you will kiss me again and then we will both kiss one another." This time they were singing it with, "You arrest me and I will arrest you, then you will arrest me, and then both of us will be arrested."

That is very important, because it meant the people thought that Beria and then Malenkov, both of them, would be arrested.

The success that this song had was immense. The people thought that was very funny. They began to laugh—and laugh kills fear. This was the beginning of the destruction of fear.

Q *Is that still true, that they don't fear as much in Russia as they used to?*

A Oh, no. Not so much fear as they used to.

Q *How many people are there in the Soviet Union?*

A Officially, 200 million.

Q *How many are members of the Communist Party?*

A Officially, 6 millions. But, you know, not all of these are real active members. Of real active members there can be, perhaps, 50,000 or 60,000.

THE ROAD TO THE TOP—

Q *How many people must a leader actually influence in order to gain power?*

A I think the people who could actually decide it would be about, maybe, 3,000 or 4,000.

Q *But the actual control is strictly at the top, among a very few?*

A Oh, yes.

Q *What about the idea of a committee running the Government, instead of one man? Wasn't this the way it was to be done after Stalin died? Will that idea work?*

A The Soviet people realize it is not much different if you have 1 man or 4 men, or even 11 or 12 men. It would be different if there were 400 or 4,000, elected by the people. But when it is 4 people or even 12 people it is not a people's Government.

Trouble Behind the Iron Curtain—

"MUCH SABOTAGE" IN RUSSIA —AN AMERICAN'S ACCOUNT

Noble, Held 9½ Years, Tells of Life in Arctic Labor Camps

A story of nine and a half years in Soviet prisons and labor camps came to light when the Russians freed John H. Noble, an American who had been their prisoner since World War II.

For an hour Mr. Noble stood before newsmen in Berlin to recount a life of unexplained arrests, starvation diets, slave labor. He told of unrest and rioting, of oppressed Russians waiting for a new war they hope will bring them freedom.

The conference was recorded by the American Forces Network, U. S.-operated radio in Germany whose staff later furnished *U. S. News & World Report* with these excerpts, cabled from Berlin.

From the press conference held by Mr. Noble on Jan. 11, 1955, in Berlin:

Q What's the estimate of the number of prisoners in your camp?

A In the camp [at Vorkuta] where I was first, there were 3,500. The others were smaller, about 2,500.

Q Were there many Poles and Czechs there?

A Yes. Quite a lot of Poles; Czechs, only a few individual ones.

Q Were you prisoners forced to attend indoctrination lectures?

A Well, there were lectures, but nobody was forced to go to them.

Q Were you there when the rebellion occurred?

A Yes, I was. I could not go into the details because it would be too long. In general, there was quite some trouble up there. Also quite a lot of blood was shed.

Q When was that?

A The end of July, beginning of August of '53. The workers had gone on a strike, not at all camps but at a great many of the camps—approximately 80,000 to 100,000 prisoners were on strike. In tent number 29 the guards opened fire immediately. After the fire raid, 100 or 110 men were killed at the place. Later on, 50 or 60 died and 400 to 500 were wounded.

Q What did they use—machine guns or submachine guns or what?

A All kinds of weapons.

Q Also heavy weapons?

A Also heavy machine guns. There were about 1,200 guards around the camp. They were special guards sent up there to break the strike.

Q What was the reason for the strike?

A We were not sure about the reasons. It was the result of Stalin's death and the disappearance of Beria. [Lavrenti Beria, former head of the Soviet secret police, who was arrested and executed].

Q Did it happen spontaneously?

A No, it was organized.

Q Were any leaders of the strike singled out for individual punishment?

A Yes, a great deal of them. I don't know exactly how many, but from the mine I was in about 300 people were taken and led out and sentenced.

Q What was their nationality?

A All kinds—most were Soviet citizens but from all parts of the Soviet Union. There were very few foreigners among them, with the exception of Germans.

Q Did the foreigners take part in the strike?

A Yes, they all took part—practically all.

Q Would you say there is an organization of the prisoners for further strike action?

A I don't know for sure, but I'd say it probably was organized by the Russians themselves.

Q What, the strike?

A Yes, the strike, with the co-operation of the prisoners.

Q You mean the officials organized the strike?

A Some officials, yes, because they are split in the Government and also split in the organization of the camp administration.

Q Was Vassily Stalin in Vorkuta?

A No, I only heard that he was in the Lubljanka Prison in Moscow.

Q Did conditions change after the strike? Were there releases?

A No, there weren't any releases, but conditions were very much milder.

Q What happened to those Soviet camp officials who helped the prisoners organize the strike?

A I don't know. A lot of officials disappeared.

Q Was there torture after the strike?

A No. That was before.

Q How did you know about it?

A At the time I was in prison I saw a lot of this torture going on.

Q What kind?

A All sorts of torture, beating, isolating the people in

special cells, just about everything that you can imagine, or that you cannot imagine.

Q Was the strike organized by Beria or his enemies?

A I could not say. We did not have the possibility of seeing behind things, but I'd say it came from officers who were on Beria's side and wanted to bring power back to Beria's group.

Q Were these officers MVD [secret police] people?

A Yes, they were MVD people.

Q Was there much trouble after the strike?

A Yes, trouble continued. It was not quiet after that.

Q What sort of trouble?

A There was much sabotage going on in the mines.

Q Any specific types of sabotage?

A Going into details would probably be too much, but things like blasting electric stations and blasting the main shafts of the mines and such things.

WHAT VORKUTA HOLDS

Q How many were in all camps at Vorkuta?

A In Vorkuta there are approximately one half million prisoners, divided into camps.

Q How many camps?

A I'd say 200 to 250 camps.

Q How many times a day were the prisoners fed, and what?

A In Vorkuta we had two meals a day.

Q What were you fed?

A Most of it consisted of cabbage and some kind of grains —very seldom other vegetables or meat. I'd say we also had quite a lot of fish up there.

Q Was there any occasion when any Russian told you why you were being held?

A Yes, there was an occasion. The interpreter who filled the warrant for my arrest—he ran the prison himself—he told me that the reason for the arrest of my father and I was for allowing American soldiers to come over to our property in East Germany and having a stock of American food products in our house. That was the official reason for the first arrest.

Q Where did you get the American food?

A American officers and soldiers brought it along when they came over to support American prisoners of war that had come to us.

Q Did you stand trial?

A No, never. I was never actually charged with anything.

Q Did you get a sentence?

A I was sentenced to 15 years, yes, but the actual reason for sentencing was not told to me. When I asked, they told me to find out at the camp where I would come to. When I came to the camp they told me, "You should have asked where you were sentenced." Actually, one was dodging the other.

Q When were you sentenced?

A That was on the eleventh of August, 1950.

Q Did you hear any news in the camps?

A The time we were in a German camp [Soviet prison camp in East Germany], we had German newspapers there—East German; and in the last half year, in Potchma, near Moscow, we also had German newspapers and also Russian newspapers.

Q Was there any brain washing or indoctrination?

A No, I personally never was questioned.

Q What nationality were the prisoners at Vorkuta?

A Most of them were Soviets, but not Russians. Most of them, I'd say, were Ukrainians.

Q Women did the same work as men?

A The time I was there most of the women were working on the railway, building the line or working in the big factories. Some also were working in cement factories, but I didn't hear of any women working in the coal pits.

Q Did you work seven days a week?

A We had three free days a month.

Q How long were your hours?

A At the time I was there we had eight hours of work a day.

Q Does that include time spent going to the mine or just work in the mine?

A Actual work in the mine.

Q You always worked in the mine?

A No, I did not always work in the mine. First I worked on the surface of the mine and later on in the mine. I also worked in the lumber yard.

Q What was your situation during the war in Germany?

A During the war we were so-called "local interned." We had to report to the police every third day, but I was going to the factory of my father and I was working there in the factory. Evenings I was going to the evening school.

Q You know what happened when the Russians came in?

A Oh, that's a long story. In general, I was arrested in July of '45. After 14 months of being under arrest I had my first interrogation. After that I was not questioned any more.

Q Were there many accidents in the Soviet camps?

A Yes, there were many accidents, some intentionally made and some real accidents, for the construction of the mines was far too weak and much too primitive.

Q What have you been told about the reason of your release?

A I was released in Moscow on January 5. The Russian general told me I was to be handed back to the American authorities. For this purpose I would leave Moscow on the sixth on the train for Berlin. That was all I was told. The sentence officially has not been taken off.

Q You had any advance notice that you were likely to be released?

A Yes. The first notice was on the ninth of June, 1954, when I was told to go to Moscow the next day for the purpose of being repatriated.

Q What was the name of the camp near Moscow?

A It was officially called the repatriation camp.

Q How long were you there?

A Six months.

Q What was the work there?

A There was no work. The food there was a little better than in the working camps. Because of the fact that there were a great number of Germans who received parcels, living conditions were much better.

Q As an American, were you well treated [in Germany] during the war?

A I'd say that I personally did not suffer. Naturally, for my father, the business and life in general was hard, harder even than for the Germans.

GET OUT? "HARDLY A CHANCE"

Q What was the worst thing that you think has happened to you in the last years?

A The worst thing is falling into the Soviet hands, because who is once there hardly has a chance to get out of there.

Q How many different camps were you in in the Soviet Union?

A In three different camps, two up in the Far North and one near Moscow.

Q Where was the northernmost camp?

A Up in Vorkuta in the polar region.

Q What sort of work is going on there?

A In these camps in general, mining work is going on.

Q Which mining?

A Coal mining.

Q How many Americans did you see in the Soviet Union?

A Actually I only saw two, one, William Warchuk who returned with me and the other, William Verdine.

Q How was Verdine's condition?

A Verdine is not in the best shape. He is slim-built. Not that he has any sickness of any kind, but he's very weak.

Q Did you hear of any others?

A One was Chapman. I don't know his first name. He was up in Camp Department Number 10.

Q In Vorkuta?

A In Vorkuta, yes.

Q How long has Chapman been there?

A I cannot say exactly. Approximately three years, three and one half years, something like that.

Q What is his age?

A His age was about 35.

Q Was he a soldier or what?

A I cannot say.

Q Was he in good shape?

A Yes, he was, physically, in fair shape. I only saw him several times because I was in his tent very little.

Q Are there many Germans in that camp?

A Yes, there are a great deal. It's hard to say—several thousand.

Q Were these camps mainly for foreigners?

A No. They were Russian camps. At first when we came, they were partly for political prisoners and partly for criminals; but, later on, more and more the criminals were taken out of these camps.

Q Could you describe the living conditions?

A The living conditions were very, very poor.

Q Did you live in barracks?

A In barracks, yes. Straight barracks.

Q Were there any Frenchmen there?

A Yes, in one camp there was one Frenchman. René Feret was his name, I guess.

Q Would you say these prisoners were given any kind of brutal treatment, torture, beating and that sort of thing?

A I personally was not tortured any time, but other people were tortured around me.

Q Have you heard of any other Americans who were interned?

A I have heard of some but not their names and not the exact place where they stayed. I heard of some pilots who were shot down over the Baltic Sea as well as some Koreans or some American soldiers from Korea.

A NEW ATOMIC PLANT?

Q Did you notice in Vorkuta any atomic activity?

A There is something being done but it's naturally only imagination of mine. I'm not sure about it, but it's possible that what's being done is on this line. They are building an electric station there.

Q Why do you think that is connected with atomic production?

A Because there is no need for electric power in that region.

Q What kept you up, mostly, during your prisonership?

A Two things: First, a strong confidence in God, and then the absolute will to return back home for the purpose of telling what I've experienced in the Soviet Union.

Q Did you make any plan in your own mind so that you could be a source of accurate information?

A No, I could not say that exactly. But, through my education in the factory, the education at the side of my father, I always had the habit of trying to stick my nose into everybody's business.

Q What good did this do while you were in the Soviet Union?

A I'd say, only to keep my mind sharp and prevent me from getting downhearted. I troubled myself about a lot of things that other people did not care about. If something was going on I always tried to find out what and why.

Q Any specific example?

A There were daily incidents of more or less importance.

Q Did you ever receive any mail?

A Yes, I did. A Red Cross card written by my aunt I received on the 27th of September, 1954. That was the first.

Q What was the attitude of the Soviet political prisoners?

A In general, I'd say they accepted their sentence fatalistically because they knew that they were against the Government and they had fallen into the hands of the MVD.

Q How did you get along with the Russian prisoners? Did you speak any Russian?

A At the time I arrived I did not speak any Russian at all, but I was forced to learn so much Russian in the camp because I was working only with Russians.

Q How good is your Russian?

A I cannot say. I don't know what you consider good or not good, but, at least for the camp life, it was sufficient.

Q Were there any distinctions made between you as an American and the Russian prisoners?

A On behalf of the Russian authorities, no, none at all. On behalf of the Russian prisoners among themselves, yes. I must say that I appreciate very much that they helped me a lot.

THE DARKEST PERIOD

Q What was the hardest time?

A As far as food conditions are concerned, the hardest time for me was the time I came up to Vorkuta. I was not used to the climate and, although in general they helped me along in every form, I was quite helpless—not speaking the Russian language. Only very few Germans were there with whom I would speak some words of German, so I was quite by myself.

Q Did you have a nickname?

A The nickname of "The American."

Q Were there any signs of dissatisfaction among the guards?

A Yes. There is a great difference between guards with the red shoulderboard and those with the blue. [Soviet Army guards wear red shoulder patches; uniformed MVD men wear blue.]

Q Did the Russians show great curiosity towards you as an American? Did they ask you questions?

A Yes, they did. Naturally they didn't believe 10 per cent of what I told them about what the life was. If I told Americans what life in the Soviet Union is, I don't believe that 90 per cent would believe it possible to exist under such circumstances.

Q Did you ever have any contact with Russians other than prisoners?

A Yes, there were other opportunities. For example, when I was working in the coal mine I was in charge of a bathroom for quite some time. There were three engineers in this bathroom and I had quite a good view of the private life of these people at the time of my stay up there and [opportunity to learn] of their lives before they came up to the North.

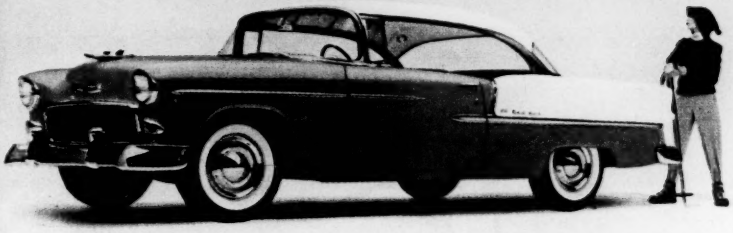
Q Did you have blankets?

A Yes, we had blankets—blankets and sheets, after 1951. Up to that time there were no blankets and sheets.

Q Did you get paid?

A From 1952 on, we got paid, depending on the work we'd done. We received different sums, from 150 rubles up to about 300 rubles. For the head man, up to 500 rubles.

(Continued on page 53)



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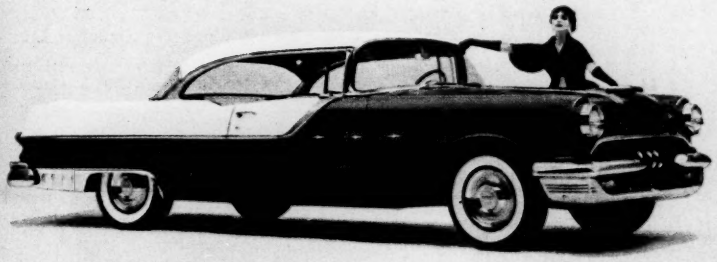

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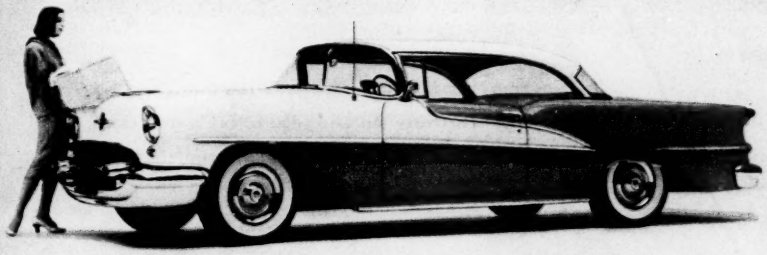

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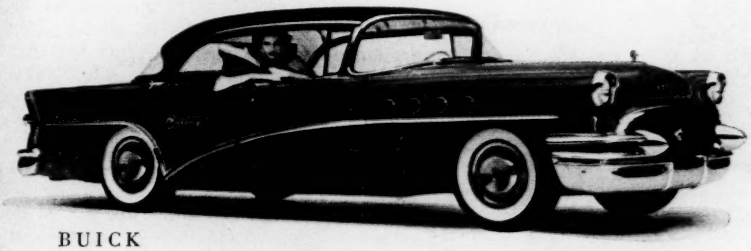

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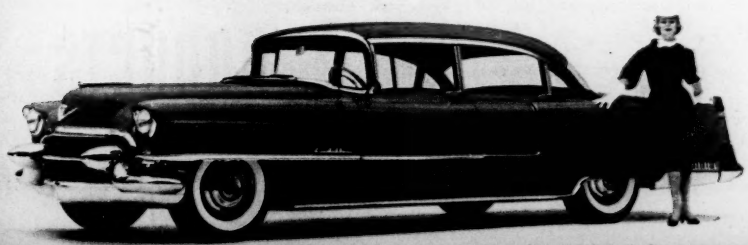

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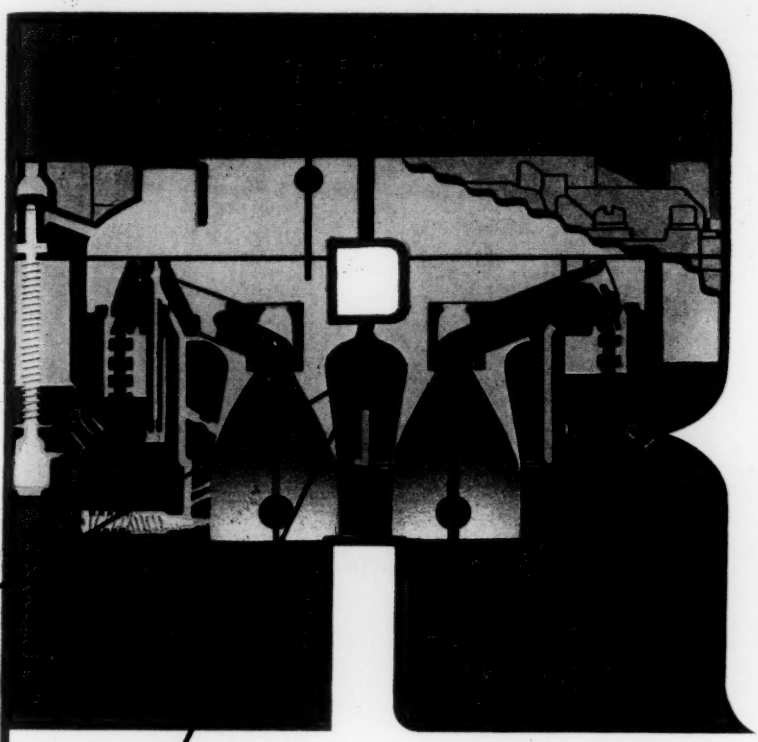

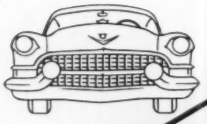

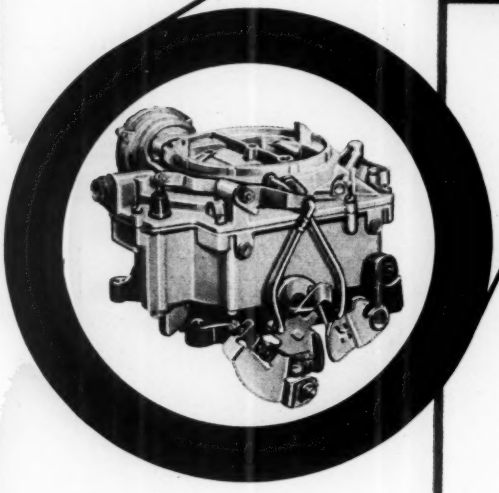

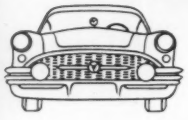

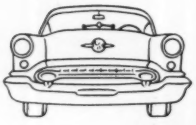

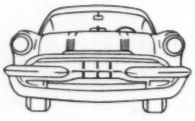

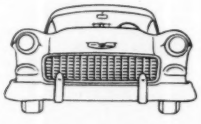

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Q Could you buy anything?

A Yes, there was an opportunity. We had stores in the camp, but these stores only had high-priced products which they couldn't sell outside in any of the other stores.

Q Did many in the camp die of disease or starvation?

A At the time I was in Vorkuta not so many, no. But in [the Soviet prison camp in] Germany at the camp, yes.

Q Were there suicides?

A Suicides? In the prison, yes. But in the camp we didn't have any suicides.

Q Is there any religious awakening among the Russian people?

A Yes, there is. There is a great desire among the Russians for religious services, for religion in general. They're afraid of the reaction of the guards and the Government.

Q Is there religious desire among the young people?

A Yes. I should say that almost all the youngsters tried at least to get in possession of some religious books, trying to find a way to religion.

Q How much weight did you lose?

A There were times when I was far down, at least down to 45 kilos [about 99 pounds].

Q What's your normal weight?

A What my normal weight is I really can't tell you. In wartime I weighed about 60 to 62 kilos [about 132 to 136 pounds].

Q Were there only political prisoners?

A No, no. At the last, there were mostly political prisoners, but first there were all kinds—criminals, murderers, all mixed together.

AFTER TIME IS SERVED—

Q What happens to Soviet Union citizens who complete their sentences?

A Most of them are forced to stay in the North, but some have the privilege of leaving the North. That depends upon their sentences.

Q Could you give us a rough idea of the number of foreigners who are in the North?

A A number of foreigners, including Germans—a lot of Germans. It is hard to say how many. Not less than 5,000.

Q Did any family live in Vorkuta?

A Not families together in prison camps. The husband is in one camp and the wife in another. They don't live together in camp.

Q Did the prisoners fight each other?

A Yes, there was quite a lot of that.

Q Was there any talk of another war?

A Yes, certainly. I would say that all the prisoners were waiting for it.

Q Was there any improvement after Stalin's death?

A Yes, there was, but not for food. But the order inside the camp was much milder. For example, we'd only one roll call a day instead of two. The barracks were not shut after the evening roll call and the bars were taken off the barracks. Things like that. Actually, only the forms of life got easier.

Q Could you give us the dates you were moved from the various camps?

A There were quite a lot. I left Germany on the seventeenth of August, 1950, and passed through three prisons on the way up to Vorkuta. In June of 1954 I was transferred from Vorkuta to Moscow.

Q You said you were treated better in Russia?

A I couldn't say that, exactly. The hardest time was [as a prisoner of the Russians] in Dresden. I was together with my father until February, 1950. Later on I didn't hear of him until I got a postcard from my aunt. I didn't know but I believed he was released.

Q What did the Russians say at Karlshorst [in East Berlin] when they released you?

A They didn't tell us a word—nothing.

Q Did the Russians present you with a suit?

A Yes, they did, the suit I have on. The Russians gave it to me on the sixth of January, the day I left.

Q Did they show you around Moscow?

A Yes, they did.

Q Was it a sightseeing tour?

A Yes, we were accompanied by the officer who accompanied us down to Berlin. And we were placed into a brand-new car and driven around Moscow to see what we should see. We were in an art gallery in Moscow. The subway we also visited.

Q The life in Vorkuta didn't seem to be too hard except that you only got cabbage there?

A The life up there is hard enough. If I hadn't been so healthy I couldn't have stood the life up there.

72 BELOW—NO BLANKETS

Q How cold is it up there?

A In the wintertime, 30 to 45 degrees below zero. The coldest I've ever met up there was 72 degrees below.

Q Is there any heat in the barracks?

A Yes, there is.

Q Were the 72 degrees before you got blankets?

A Yes, it was; we had to cover with the clothes we had.

Q Did you work at 72 degrees?

A In general, the rule was that all work had to be continued as long as it was above 40 degrees below on the surface. Under the surface it has to be continued at all time.

Q Mr. Noble, could you tell us about the treatment in the German camp [Soviet prison camp in East Germany]?

A I believe it correct to say that 80 per cent of the people died.

Q What was the treatment?

A First, merely in the form of starvation. First of all we had 12 days completely without food. Then a half year of improving food gradually, giving from 50 grams [1.7 ounces] of bread a day on up to 200 grams [6.8 ounces] a day.

Q What kind of Germans were in the camp—Nazis?

A All kind of people. People who were arrested because of their political activities during the war, as well as people who had been arrested because of spy activity or for being suspected of having spy connections.

Q Were there any Americans?

A In the prison? Not the time I was there, with the exception of my father.

Q What did you hear about the East German revolt?

A We only heard so much as we could read in the East German newspapers.

Q Was it publicized by the Russians?

A Yes, it was. I don't know the details of it so I can't say exactly if they published everything or only a completely wrong picture of the event.

Q Were there any escapes from Vorkuta?

A Yes, there were, but during my time all people who escaped were caught again.

Q What is the punishment for escaping?

A Till 1948 the punishment was death for escaping. Later on, I don't know. Two people who escaped shortly before I left the camp were also brought back and were expecting death.

Q What nationality were they?

A The last two were Russians.

Q Was any type of religious service carried on in the camps?

A Every religious service was prohibited.

Trouble Behind the Iron Curtain—

A NEW LOOK AT THE SOVIET "NEW LOOK"

Trouble is seething inside the Kremlin itself. Will it erupt soon, bring on a basic change from within in direction of Soviet policy?

You get a close look at Russia's present leaders—their backgrounds, their beliefs, their chances of upsetting Stalin's policies—in this article by Bertram D. Wolfe, reprinted in full from the current issue of *Foreign Affairs*, published by the Council on Foreign Relations, Inc.

Mr. Wolfe is a former bureau chief for Voice of America, senior fellow at Columbia University's Russian Institute, and an authority on behind-the-scenes Russia.

by Bertram D. Wolfe

Analyst of Soviet Policies

THE MEN who have been ruling the Soviet Union since Stalin's death are *epigoni*, "sons," after-comers. They owe their power to an apostolic succession and style themselves disciples of Lenin and comrades-in-arms of Stalin. The structure and dynamics of their rule is dictated by the same philosophy, incorporated in the same single-party-police state; it continues to be totalitarian in scope and aim, it is engaged in the same unending war on its own people, the same drive to reshape and control the globe. Still, they are new men, younger men, men with different formative backgrounds, and their régime has a new look.

Lenin's Marxism was so different from that of the West European, nineteenth century Marx that one of Lenin's admirers dubbed it *marxisme à la tartare*. Lenin's associates, Trotsky, Stalin, Zinoviev, Bukharin, ten to fifteen years younger than he, still belonged to the generation that had made the revolution. After a period of feigned subordination to a "collective leadership," Joseph Stalin established his claim to be "the best disciple of Comrade Lenin." He perfected Lenin's organization machine and monopoly of the organs of persuasion and force, suppressed some of Lenin's doctrines, dogmas and hopes, retained and enlarged others, propounded some of his own. He killed off all of Lenin's close associates, surrounding himself with new and younger men, none of whom had been in Lenin's inner circle. Thus he became at one and the same time father image and voice of the *epigoni*: his Leninism became different from Lenin's even as the latter's Marxism had been different from that of Marx.

The Malenkovs and Khrushchevs, and men younger still, who now form the post-Stalinist "collective leadership," are the men Stalin gathered around him in his rise to personal dictatorship. They never knew the wide dreams and humane ideals of the nineteenth century intelligentsia, the feverish disputation, hope and wretchedness of the Tsarist underground, prison and exile, nor the "heroic days" of the storming of the Winter Palace and the Kremlin. They were wholly formed in the Stalinist fight for a monopoly of power, and in the iron age of forced industrialization, forced collectivization and blood purge. They were brought up not as underground revolutionaries but under the new régime of bureaucratic totalitarianism.*

They do not even look like the men who were Lenin's close associates. As one contemplates their pictures lined up on Lenin's, now Stalin's tomb, one cannot but be struck by the fact that they are all fleshy, solid, square and squat—"fat boys," to borrow an old "wobbly" term against labor bureaucrats. Harrison Salisbury [*New York Times* correspondent recently returned from a long stay in Moscow] has called our attention to a curious detail that none of them is over 5 foot 4 (Stalin's police record gives his height as 5 foot 3 and ¾ inches)—as if they had been chosen not merely with regard to faction loyalty and party in-fighting and administrative capacity, but also that their height, spiritual and physical, should not dwarf the none-too-tall leader who had perforce to excel in all things. Actually Stalin managed to look taller than they on Lenin's tomb by having a little raised platform built under him.

There is, to be sure, a remnant of Old Bolsheviks among the new "collective leadership." But these older men, Molotov, Voroshilov, Kaganovich and Mikoyan, owe their places, indeed their very survival, to the fact that they were cronies of Joseph Stalin. Second-string figures in Lenin's day, from the outset faction adherents of Stalin rather than Lenin, they came out of the crucible of the purges refashioned, so to speak, as "new men."

What is collective about this collective leadership and will it continue to be a collective? What can the world expect will be new in the work and ways and aims of these new men who have taken over Stalin's power? And what of continuity? It is these questions that constitute the real problem of the "new look."

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*Lenin was born in 1870, Stalin and Trotsky in 1879, Zinoviev in 1883, Bukharin in 1888. Khrushchev was born in 1894, but did not join the Communist Party until 1918, after it had taken power. Malenkov was born in 1902 and joined the Communist Party only in 1920.

II

IN THEORY IT IS CONCEIVABLE that a committee-government, a *Directoire,* a duumvirate, triumvirate or decemvirate, can wield autocratic, dictatorial and total power. But the whole course of Soviet history, and the whole dynamic of autocracy, dictatorship and totalitarianism, are against it.

Lenin began by creating a party in which the Center selected the local committees, which in turn sent delegates to the conventions that confirmed the Center. He seized power by a minority conspiracy, drained democracy of authority by dispersing the Constituent Assembly, drained the Soviets of authority by outlawing all other parties and deciding all things in the Communist Central Committee and its Fractions, drained the Party of authority by forbidding factional controversy, the Central Committee by setting up the Politburo, and the Politburo by settling matters by telephone, direct wire and personal conversation. Inside the Politburo he never altogether sloughed off the appearance of "collegial" power; at his death he left a will in which he sought in vain to preserve that one last redoubt of collectivity.

It took close to a decade before the "collective leadership," of which Stalin appeared but to be the faithful machine wheelhorse, was openly dissolved in favor of his personal power. With his death his lieutenants are faced with the problem that in a dictatorship there is no legitimacy and no legal succession. These men have been taught in a hard school to make many moves in their head before they touch one piece on the chessboard of power. The bloody list of their dead gives them every reason to combine forces against any man who moves too fast. That they would begin their orphaned rule with the proclamation of a "collective leadership" could have been predicted.

That first holding company included Beria who was nominated by Malenkov, and Malenkov who was nominated by Beria. Within a few weeks after Stalin's death, a newspaper buildup which seemed to portend Malenkov's rise to dominant power was put a stop to by some decision of his associates, and he was "relieved" of the post of Party Secretary "at his own request." That brought Khrushchev into a top ranking position as Party Secretary. Beria's undoing came from his too rapid moves to make the secret police independent of the Party and through it to strengthen his control of certain "republican governments" and the Party machine. This aroused the fears of so many of his associates that, suddenly, they combined against him and there was one "collective leader" less. At this writing, Malenkov would appear to be out in front.* But the fact that he has dropped the key organization post in which he was so long Stalin's chief assistant—the post through which Stalin himself rose to power—and that this post is now in Khrushchev's hands, suggests a temporary system of "checks and balances" on each other by the men who together hold unchecked and absolute power.

As long as the power question is not settled and the pyramid of power is without an apex, these men will jealously watch each other and make promises of reforms to their subjects. They will continue Stalin's policy of avoiding either all-out war or all-out peace. They cannot tolerate all-out peace, since the very excuse for the existence of their per-

*In the first issue of the American Communist journal, *Political Affairs,* published after Stalin's death, of the three funeral addresses of Malenkov, Molotov and Beria, only Malenkov's was printed, and with it an article by William Z. Foster entitled "Malenkov at the Helm." A month later Mr. Foster had repented of his rashness or been otherwise instructed, for his article on "Stalin and Coexistence" did not even find place for the appropriate quote from Malenkov's funeral oration. But when Mr. Foster returned to the theme of "coexistence" in the issue of August 1954 he once more felt that he could write that "the successive leaders of the Soviet people —Lenin, Stalin, and Malenkov" have all held the same position on this question.

—Sovfoto

GEORGI MALENKOV: . . . "wholly formed in the Stalinist fight for a monopoly of power"

petual state-of-emergency régime is "capitalist encirclement." Like Stalin, they have two reasons for avoiding all-out war. The first is doctrinal: their central belief teaches them that they are the wave of the future, that the capitalist order is in decay, that time is on their side. The other is a readiness to risk war at the periphery, limited engagements, "calculated risks," for in their activist theory History helps only those who help her, but not to jeopardize their power center, the loss of which in all-out war might change the course of history.

To Stalin's hesitancies they add one more: as long as the power question is not settled, they dare not put live ammunition and overwhelming force in the hands of the army, lest "Bonapartism" settle the problem of power in its own fashion. Thus we would do well to remember that their present minuscule concessions in foreign relations come not only from their calculation that they may divide the free world, isolate America, and cut off her support from some sector of Europe or Asia, but no less from recognition of their own internal weakness. "Collective leadership . . . the Party and the Government . . . the wise Central Committee"—so far they have cast about in vain for an overwhelming power symbol that can paralyze dissent, command obedience and worship in Union and Empire, such as was commanded by the Stalin cult and Stalin's word and name.

The struggle may be muted and concealed, it may be long or short, it may be compromised and blunted again and again, but the whole dynamics of dictatorship cries out for a dictator, autocracy for an autocrat, militarized command and militarized life for a supreme commander, infallible government for an infallible leader, an authoritarian setup for an authority, a totalitarian state for a *duce, führer, vozhd.*

III

THE STALIN CULT, whose high priests these men were, has made the problem of the succession more difficult. By attributing to Stalin all successes, and to themselves and their subordinates all failures, shortcomings or unpleasant consequences, they enlarged his person until it filled the horizon, diminishing their own stature to the point of nullity.

In this swollen form, the Stalin myth was dead as soon as his body was cold. For what right did such dwarfed men have to be individual or collective dictators? Moreover, in the end they were irked by his arrogation to himself of credit for all they did, thought up, ghost-wrote for him, by the precariousness of their positions dependent entirely on the caprice of one man, by the need each day to kindle greater clouds of incense to his name. Their cold funeral addresses, concerned with programs and power, testified to the fact that he had exacted so much "posthumous tribute" while alive that there was no reserve to call on after his death.

These historians of the pistol who had rewritten recent history so often and continuously in order to enlarge and glorify Stalin's works and name began immediately a fresh rewriting of history to cut him down to size—not to actual size, but to their own size, so that there could be some sense in their claim to individual or collective succession. Henceforth Lenin is the author of the great theories and the initiator of the great works, and Stalin is reduced to continuator, developer and disciple. They, for their part, are co-disciples of Lenin and comrades-in-arms of Stalin, and, by virtue of membership in the same leading body, co-authors of all the theories, policies and plans hitherto called Stalinist.

Many wrongly concluded that the process would not stop until Stalin's name had been extinguished and his policies abandoned. But his orphaned disciples had no intentions of doing one or the other. They cannot extinguish his name, for what other claim do they have to rule the Soviet land except association with Stalin and discipleship to Lenin in an unbroken apostolic succession? Nor do they wish to abandon his policies, for these are in fact their policies no less than his.

In Russia, the death of a despot has always awakened a lively expectation of change. The most unlikely princelings have been endowed with gentle attributes until their acts as Tsars dispelled illusion. The greater the despotism, the greater the expectation of change. But only when the death of a despot coincided with some defeat to his system has the expectation as a rule been realized.

When Stalin died, the first reports of a nation all contracted in one brow of woe were soon replaced by more authentic reports of this general expectation of change. We now know that there was ill-concealed rejoicing, that men got drunk, that whole regiments celebrated in Germany, that even in far off Vorkuta concentration camps' inmates turned their hopes into a strike for better conditions and were given concessions even as force was being used and ringleaders executed. Sweeping promises had to be made to the satellites; workingmen struck in East Germany and Czechoslovakia and stood up, unarmed, against Russian tanks. All this exerted powerful pressures upon men whose power position is unsettled and whose succession is based upon neither constitutional or hereditary legitimacy.

Nor was the free world exempt from illusion. One of Britain's leading authorities on Soviet history rushed out a book to prove that Stalin by barbarous methods had so civilized and transformed Russia that further Stalinist barbarism was impossible. Another stoutly declared that since all thinking was colored by emotion he preferred "wishful rather than despairing thinking." American writers who had once assured us that the "realist and nationalist" Stalin had put an end to Trotsky's dream of world revolution, then that "the wise old realist" was curbing the hotheads of the Politburo, now declared that Stalin had been more than a little mad and that soberer and more realistic heads were taking over power.

Even the wise and wary Churchill, two months after Stalin's death, spoke of a "new régime" and what he hoped was "a change of attitude." He who had alerted America to the Iron Curtain and the need of united defense against aggression now permitted himself to dream that the last great act of his declining years might be a fresh four-Power conference like those with Stalin and Roosevelt to settle unsettled things. On October 10, 1954, he put it more soberly: "A year and a half ago, Stalin died, and ever since then I have nourished the hope that there is a new outlook in Russia, a new hope of peaceful coexistence with the Russian nation, and that it is our duty patiently and daringly to make sure whether there is such a chance or not."

In a land where secrecy and power are alike total, every smallest flutter of a leaf is likely to be magnified into the fall of forests. No longer badgered by his patron, Molotov proves a little gayer, makes fresh démarches and tries altering his formulae without stopping to call up the Kremlin—but without yielding an iota of his essential, stubbornly-held position; this is magnified into "concessions," a "new flexibility," evidence that there is real departmentalization and separation of powers. General Zhukov echoes Ambassador Bohlen's toast "to justice;" on the stubborn iteration is built an entire structure of fantasy: army independence, army paramountcy, open conflict between army and party. Khrushchev hangs back for a last word when his comrades are departing from a state banquet; this is reported as evidence that the Party Secretary is "an amiable chatter-box . . . garrulous . . . hail-fellow well met." Malenkov picks flowers for an English lady, clinks a lady's glass and toasts "the ladies," and the new Premier becomes a bashful fat boy, "full of old-fashioned grace and courtesy . . . a Little Lord Fauntleroy." Hence it be-

comes important to inquire how new these new men really are.

Khrushchev, the "amiable chatter-box" who now heads the party machine, began the really important part of his biography in 1929 with the great forced collectivization drive in the Ukraine and the mass liquidation of all who held back. Then in Moscow he took part in the *Yezhovshchina*, without garrulousness contributing his share to the organization of the great blood purge. During the war he directed partisan warfare behind the German occupier's lines, visiting punishment on waverers and collaborators. He is credited with having strengthened Russia's support among the masses by acts calculated to increase the cruelty of the Germans, and with giving orders to assassinate the gentler puppet mayors and spare the crueler ones, as the best way of inflaming opposition to the occupiers.*

After the war Khrushchev returned to the Ukraine as liquidator of small private land holdings, collectivizer, industrializer, Russifier and avenger. This "chatter-box" worked quietly for a year and a half, then reported that "in the past 18 months more than 50 per cent of all officials" had been

—Sovfoto

BERIA SAT NEXT TO MALENKOV
Shortly, "there was one 'collective leader' less"

removed from their posts. In 1950 he opened the war on the collective farm in favor of the development of "agro-cities." There were resistance, local criticisms by Aryutinyan in Armenia and Bagirov in Azerbaijan, partial retreat. But the number of collective farms was reduced from 250,000 in 1950 to 94,000 in 1953. And when Beria fell, Aryutinyan and Bagirov, Khrushchev's critics of 1950, fell too. At the Nineteenth Congress, Khrushchev delivered the report on the revision of the party statutes which represented a further tightening of totalitarian controls. Since Stalin's death, he has become First Secretary of the Party, and heads the new drives in agriculture.

As for Premier Malenkov, he began his career as Secretary of the Communist cell of the Moscow Higher Technical School, where he gathered around him the Saburovs, Pervukhins and Malyshevs who switched like him from engineering to politics, becoming engineer-chekists, party commissars in technology and industry.* It is on the entrance of these engineer-chekist associates of Malenkov into the ruling circle that so many commentators have based the contention that party rule is now giving ground to the claims of the new technocracy. But these men are instruments of party penetration into and control of technology, just as Bulganin is not a military general who has gotten into the Politburo but an agent of the party and the police made Marshal and Minister of Defense to control the army.

In 1934 Malenkov became Chief of the Department of Leading Party Organs, which had charge of placements, removals, dossiers. In the bloody years of the *Yezhovshchina*, he was the chief organizer of the purges in so far as they had a planned, centralized and systematic party character. As Yezhov advanced, Malenkov was made his deputy in this department, supplying the dossiers and the indications as to chain reactions when any leading official fell. In December 1937, *Partiinoe Stroitelstvo*, which Malenkov edited, carried the following lead editorial:

> Under the leadership of the Stalinist People's Commissar, Comrade Yezhov, the Soviet Intelligence Service has inflicted merciless and devastating blows on the Fascist bandits. The Soviet people love their intelligence service . . . it is their flesh and blood. . . . The faithful guardians of Socialism, the men of the NKVD under the leadership of their Stalinist People's Commissar, Comrade Yezhov, will continue in the future to root out the enemies of the people, the vile Trotskyite-Bukharinite, bourgeois-nationalist, and other agents of Fascism. Let the spies and traitors tremble! The punitive hand of the Soviet people, and NKVD, will annihilate them! Our ardent Bolshevik greetings to the Stalinist Commissar of Internal Affairs, Nikolai Ivanovich Yezhov!

The *troika* that planned the purges under Joseph Stalin's personal direction was made up of Malenkov, keeper of the dossiers and supplier of leads, Vyshinsky, prosecutor and impresario of staged trials, and Yezhov, apprehender, inquisitor and executioner. When the fury had run its course, Yezhov was made expiatory goat, but Malenkov and Vyshinsky were promoted. The year Yezhov disappeared, Malenkov was made head of the new Administration of Party Cadres which "keeps a strict personal register of every party member and candidate" in some 2,500,000 dossiers on standing, public and private life, friends, talents, vulnerabilities, along with dossiers on perhaps 500,000 specialists in industry and agriculture. It is this key index which Malenkov has now surrendered, reluctantly I would imagine, to Party Secretary Khrushchev. In any case, Malenkov's connection with the *Yezhovshchina* should help us to keep our perspective on this "Little Lord Fauntleroy."

IV

THANKS TO OUR PENCHANT for personalizing and the impact even on us of the Stalin cult, we are prone to forget that Stalin did not work out his policies alone. When the informed think of the Stalinist agricultural policy, they think of Khrushchev. When they think of the Stalinist line in literature and intellectual life, they think of Zhdanov, and, after his death, of Malenkov. In short, the Stalinist leadership was also a "collective leadership," with the difference that there was one top man who must always be credited, could never be blamed, and who had the sometimes arbitrary and capricious and always decisive last word.

Finding all about them the general expectation of change, faced with uncertainty as to their own authority and structure

*For many of the biographical details in this article I am indebted to the researches and reports of Lazar Pistrak, of the United States Information Library, and to Boris Nikolaevsky, who is at work on a study of Malenkov and his associates. Others come from wartime and postwar Russian refugees, and from Soviet documents.

*Saburov is now Deputy Premier and was selected this year [1954] to make the November 7 address from the Lenin-Stalin tomb.

of succession, anxious to prevent "confusion and panic" (as the funeral ceremonies declared), the henchmen of the dead dictator were glad to take advantage of the credit opened to them on the theory that they were "new" men from whom a "change" could be expected. Yet one of their prime motives in cutting Stalin down to their size was to emphasize that all of them ("the Party and the Central Committee"), not Stalin alone, were the authors of the "great" policies and doctrines. They even denied, and we know that they did so rightly, that Stalin was the author of "The Short Course," first published as the work of a collective and then arrogated to Stalin as his "Volume XVI." And we are compelled to admit that the liquidation of Beria and consorts was in the best "Stalinist" tradition.

The releasing of a few Soviet-born wives; gracious toasts at banquets; less surliness in conversation; repetition, as a rule in the self-same language, of the calculated utterances of Lenin and Stalin on "peaceful coexistence"—only on the background of Soviet truculence could this be taken as something significant. And then only if we permit ourselves to forget how many times this ebb and flow in the realization of an unchanging long-range aim has occurred before, either when internal weakness or too quick a build-up of resistance abroad, or the desire to cover an offensive with an umbrella of peace talk, has prompted Stalin to roar you gentle as any sucking dove.

This is not the place to go through the long history of "peaceful coexistence." We can trace various facets back to Lenin's declaration in October 1915 that if he got power he would propose an unacceptable peace and "prepare a revolutionary war;" to Trotsky's pronouncement two weeks after they took power ("We desire the speediest peace on the principles of honorable coexistence and coöperation of peoples; we desire the speediest overthrow of the rule of capital"); to Lenin's 1920 coexistence statement to a Hearst reporter followed the same year by a warning to the Moscow party cell leaders (kept secret till after his death) that "as long as capitalism and Socialism exist side by side we cannot live in peace;" to Litvinov's 1922 proposal of a "proportional reduction in arms" at a time when the Soviet Union was secretively arming with the aid of the Wehrmacht. The whole sequence of these utterances from the first down to Malenkov's amiable chat with Ambassador Bohlen and Congressman Wickersham while Migs were shooting down one of our planes boils down to this: divide and disarm your opponents while you work unceasingly for their destruction.

Nor is there anything these "new" men have so far done that would not accord with the last programmatic utterance on foreign policy by Joseph Stalin (in "Economic Problems of Socialism in the U.S.S.R.," 1952) in which he urged that through the "peace fight" they could undermine "bellicose governments," perhaps develop it into "a movement for the overthrow of capitalism," make more likely war between capitalist countries than between the non-Soviet and the Soviet worlds, and isolate the United States. ("To think that Germany, Britain, France, Italy and Japan . . . will not try to smash U.S. domination and force their way to independent development is to believe in miracles.")

The main foreign policy proposals were summed up this year [1954] by Marshal Bulganin in his speech delivered on November 7:

(1) "A collective security system in Europe," *i.e.* Europe with Russia but without the United States.

(2) German unification by "peaceful means," *i.e.* the continued disarming of Germany and the holding of "elections" such as have been proposed in Korea, and practised so resourcefully in the "peaceful unification" of all postwar satellite coalition governments.

(3) Proportionate reduction of armaments, which would leave overwhelming superiority to the heavily armed Soviet Bloc; and "prohibition of weapons of mass extermination," which would eliminate the one weapon in which the free world has superiority, without the guarantees of a fool-proof control and inspection.

The only thing one can find that is new in this third of a century of juggling with "peaceful coexistence" is that leading spokesmen of the free world are beginning to employ the term without sufficient attempt to analyze it and purify it of the corruption which infects it. Since for the free world peace is a matter of principle and for the Kremlin a calculated manoeuvre, surely our spokesmen should be able to express our desire for peace in some warmer and less tarnished language. It is up to us to remember that the Kremlin's tactical manoeuvres can be most flexible because they are severely disciplined by an over-all strategy and unshakeable objective of world conquest. But we can get lost in these tactical zigzags if our over-all objective is lost sight of. I cannot believe that that objective is merely to survive while peace is steadily eroded and the more vulnerable parts of the free world picked off one by one.

Our idea of peace is wrapped up with justice and with freedom, and is ultimately secure only to the extent that freedom can defend itself and that peoples everywhere gain control of their governmental policies. To take these corrupt words and artful manoeuvres at face value is but to add to the confusion and moral disarming which is one of its objectives.

"Peaceful coexistence" has a long history now; in the words of Santayana, "those who will not learn from history are condemned to repeat it."

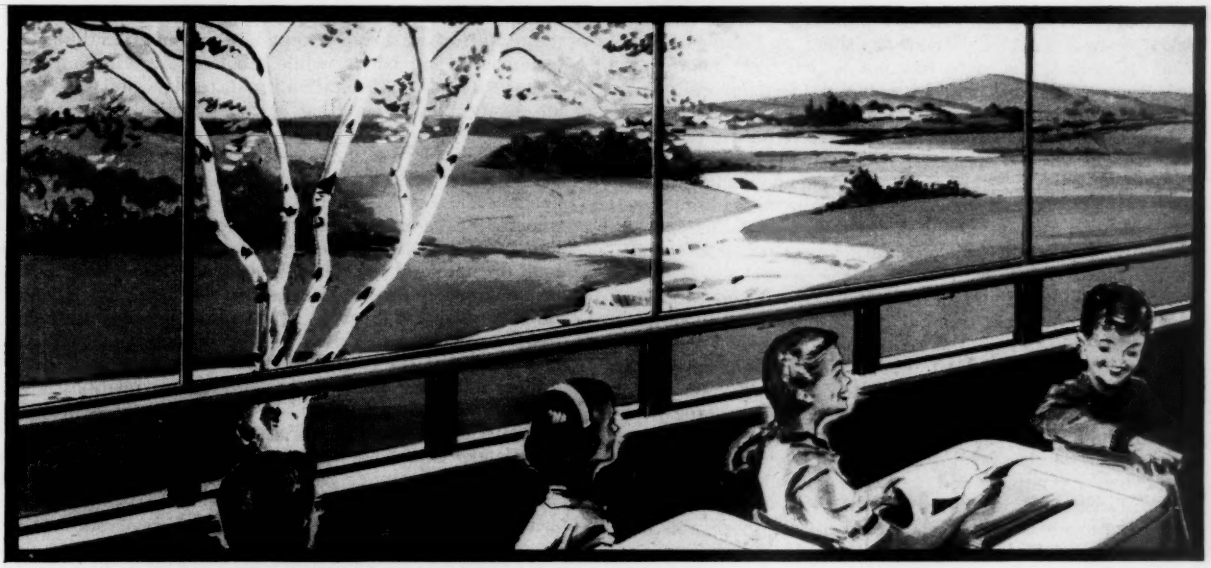
Of the new line in the arts and letters it is no longer necessary to speak. After the illusions nourished by Stalin's death and the first indecisions of the new men not yet sure of their power, a Second Congress of Soviet Writers is being called that promises to be more of a strait jacket than the First Congress held two decades ago. Furious attacks on Pomerantsev for saying the obvious thing that sincerity, honesty to the truth of his own vision, is the chief virtue of the artist have been followed by rebukes and expulsion for magazine editors, condemnation of critics, expulsion of Stalin-Prize writers from the fraternity of their craft, condemnation of all who thought there was a new "thaw." Such is the atmosphere in which is being prepared a Congress which will "systematically combat any deviations from the principle of Socialist Realism . . . any attempts to direct Soviet literature away from topical questions of the policy of the Party and Soviet State . . . any attempt to substitute a moral criterion unrelated to any specific society or time for the ideological, class-social judgments universally recognized in our literature . . . which can have no other interest but those of the people, the interest of the Soviet State."

V

IN STALIN'S LAST and most significant theoretical work, "the Economic Problems of Socialism in the U.S.S.R.," published late in 1952, he lays down the prerequisites for the transformation of the present "Socialist" Russia into "complete Communism." In this work is to be found literally the whole stock of formulae on which Malenkov, Khrushchev and Company are now proceeding. Here is to be found the proposal rapidly to increase the satisfaction of consumer demand on the basis of "primacy in the production of means of production." Here is the outline of the drive to increase labor discipline on the basis of "the control over the amount of labor and the amount of consumption" until labor discipline is transformed into spontaneous self-discipline, from

(Continued on page 60)

bring the outdoors



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an "obligation into a prime necessity of life." Here, too, is the line on isolating America and promoting differences in the capitalist camp which we have already examined. The work is scrappy and fragmentary, but bears internal evidence of summing up in algebraic formulae all the trains of thought that were then actuating Stalin and his close associates.

In it Stalin distinguishes between two kinds of property in the present-day Soviet Union: "State, or publicly-owned production, and collective-farm production, which cannot be said to be publicly owned." The main task of the transition to Communism which is now beginning is to "raise the level" of collective farm property to that of state or publicly owned property, and to create thus a "single and united" system.

How "the formation of a single and united sector" is to be brought about "whether simply by the swallowing up of the collective-farm sector by the state sector . . . or by the setting up of a single national economic body," Stalin refuses to say. But he is emphatic that it can be done by the pressure of the "superstructure," the state, "upon the relations of production," that it can be done "without upheavals," that it represents a revolution from above, and that it must be undertaken gradually but without delay, that "it is of paramount importance for us," that in the process "the new" will not "simply destroy the old, but infiltrates into it, changes its nature and function without smashing its form." Until it is accomplished, the state has not as complete control of agriculture as of industry and is hampered in its precise planning and calculation. "It would be unpardonable not to see that these factors are already beginning to fetter the powerful development of our productive forces since they create obstacles to the full extension of government planning to the whole of the national economy, especially agriculture . . . The task therefore is to eliminate these contradictions by gradually converting collective-farm property into public (state) property. . ."

To this subject Stalin devotes more space and attention than to any other, and returns again and again. And in this, I think, we can find the theoretical foundation and the emotional force behind the latest Khrushchev-Malenkov drive for a revolution in agriculture. What was the drive to uproot the collective farms and combine them into agrogorods, begun in Stalin's lifetime, but an attempt to "raise collective-farm property to the level of public property . . . to infiltrate it, change its nature and function without smashing its form"? Does their opposition to what they thought only a personal project of Khrushchev explain why Beria fell into disfavor during Stalin's last days, and help explain why the agrogorod critics, Aryutunyan and Bagirov, fell with Beria? And what is the new plowing up of steppe, pasture, marginal and abandoned lands in Kazakhstan, Siberia and other distant parts of the Empire, with "volunteers" from the cities, but a new mass flank attack upon the recalcitrant collective farm?

Like any flanking movement, it has been presented with dissimulation as a fresh attempt to solve the problem of the shortage of grain and meat (cattle) created by the earlier revolution from above, the collectivization drive of the thirties. Like that drive it suffers from gigantism, recklessness and lack of preparation. Like the earlier drive its shock troops come not from the farmers but from the cities. These young men and women may have no preparation for farming, but neither have they any loyalty to the collective and the private parcel or any memory of the days of individual farming. What is this mass displacement of young men and women and tractors and seeds to virgin or untilled lands but a gigantic step on the road that bypasses the kolkhoz and presents it with a rival in a new congeries of giant sovkhozes or state farms?

Of the 32,000,000 acres of virgin soil to be brought under cultivation during 1954-5, 15,800,000 of acres are located in Kazakhstan. Without a word being said of it, the over 140,000 workers who have been "volunteered" into the new regions represent one more invasion in the long war against the Asiatic steppe, and its nomadic, cattle-raising, Turkic peoples. This war was not begun by the Bolsheviks but by the Tsars. But the drive for forced collectivization of the early thirties hit hardest in individual-farming Ukrainia and in cattle-raising Kazakhstan. In the latter, where the nomads follow the grass on the range, the wholesale slaughter of stock reached catastrophic proportions from which, as Khrushchev's reports show, Russia has not yet recovered in more than two decades. According to Khrushchev, the number of cattle in the Soviet Union in 1953 was below that of 1916 (last year of the Tsars and in the midst of world war), and less than 1928 (before the collectivization drive began). But since 1928 there has been an enormous increase in population and in area so that the amount of meat, butter, milk, hides, as well as grain, per capita has frightfully diminished.

There is already a serious labor shortage on the old collective farms and a serious shortage of machines, but as in the earlier experiments in gigantism and revolution from above, everything is being thrown into the battle so that the old areas are being stripped of machines, and seed, and technicians, and hands, while the new lack drinking water, irrigation, housing, sanitation, food, tractors and seed. Lands are being plowed up that are marginal. If the rains are good—this year [1954] they have been good—the lands will yield. When bad years come—and it is their semi-aridity that makes them range rather than farm areas—they are likely to become dustbowls. There are deep inconsistencies in the promise of more meat on the one hand and the planned figures for increased cattle breeding on the other, and between both of these and the plowing up of the range. But as in the collectivization drive of the early thirties, Khrushchev and Malenkov in the best Stalinist tradition are counting that there is "no fortress that Bolshevik determination cannot conquer," that the "superstructure" (the state) can "without upheavals" force changes in "productive relations." While they are at it, they hope to solve the nationalities problem in the Turkic areas by mass Russification, and present the incompletely calculable and incompletely plannable kolkhoz sector with a completely controlled sector of new state farms.

To sum up. The "new men" who have succeeded to Stalin's power are not so new as they look to the uninquisitive eye, for they are Stalin's men. And a good look at the "new look" suggests that it is not so new either, for more than Stalin would admit or they dared to claim, while he was alive, they worked out the Stalinist policies with him. Now that he is dead they have been able to cut the losses of some of the minor errors with which his stubbornness or prestige had become involved, but all their major policies from "peaceful coexistence" to the sensational plowing up of the virgin lands are in accord with plans elaborated and drives initiated while Stalin was alive. They do but give "arithmetical values" to "algebraic formulae" already worked out in the decisions of the Nineteenth Congress and in Stalin's so-called testament: "Economic Problems of Socialism in the U.S.S.R." What the "new" men bring to their drives is the fresh vigor of younger men and a fresh flexibility in manoeuvre. But they are manifestly continuing the war on their own people—"the revolution from above"—and the war for the control of the world.

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Trouble Behind the Iron Curtain—

GROWING FOOD BY DECREE IN SOVIET RUSSIA

Food is one of Russia's biggest, most basic problems. Despite constant prodding, the Russians seem unable to raise enough to eat.

Behind this perennial weakness are little-realized facts of Soviet geography. Nearly two thirds of Russia is Arctic tundra or forests of stunted evergreens, unsuited for raising food. Three fourths is too cold or too dry. Only 10 per cent has arable land.

Here is the whole story, as told by Chauncy D. Harris, Professor of Geography at the University of Chicago, in the current issue of *Foreign Affairs*, published by the Council on Foreign Relations, Inc.

by Chauncy D. Harris

Professor of Geography, University of Chicago

IN A SIGNIFICANT ADDRESS on August 8, 1953, Soviet Premier Georgi M. Malenkov gave the planners of the Soviet economy the task of achieving within two or three years an abundance of food for the population and of raw material for industry. The gap between present production and "agricultural abundance" in the Soviet Union is so tremendous that literal attainment of this goal within such a short period seems extremely unlikely. Nevertheless Soviet agricultural output could be increased substantially, given favorable economic conditions, improved farm management and increased supplies to agriculture of such materials as machinery, fertilizer, technical help, building materials, and insecticides and pesticides . . .

In the past Soviet agricultural production has fallen far short of announced plans. Soviet agriculture has stagnated in comparison with Soviet heavy industry, which has increased its production tenfold during the last quarter century, and also in comparison with American farm output which has increased 40 per cent in the last 15 years. The estimated per capita output of edible animal products (such as meat and milk) in the Soviet Union has declined by about 30 per cent in the last 25 years. The grain has fluctuated but is now at about the per capita level of 1928. Industrialized countries usually have better diets than agrarian countries, but the Soviet Union has a poorer diet than the underdeveloped non-industrial countries of eastern and southern Europe.

Faced by persisting food shortages over the last quarter century, the Soviet Government has undertaken various stringent measures to increase agricultural production, or rather, more particularly, to increase the amount of food available to the urban industrial workers. Pressures for increased Soviet food production have been and will continue to be intense. The annual population growth is 3,000,000 (1.5 per cent). The demand for improved diets is especially strong among the growing urban population, who hope for more meat, vegetables and fruit—a diet that makes heavier demands on agricultural resources than the traditional Russian grain.

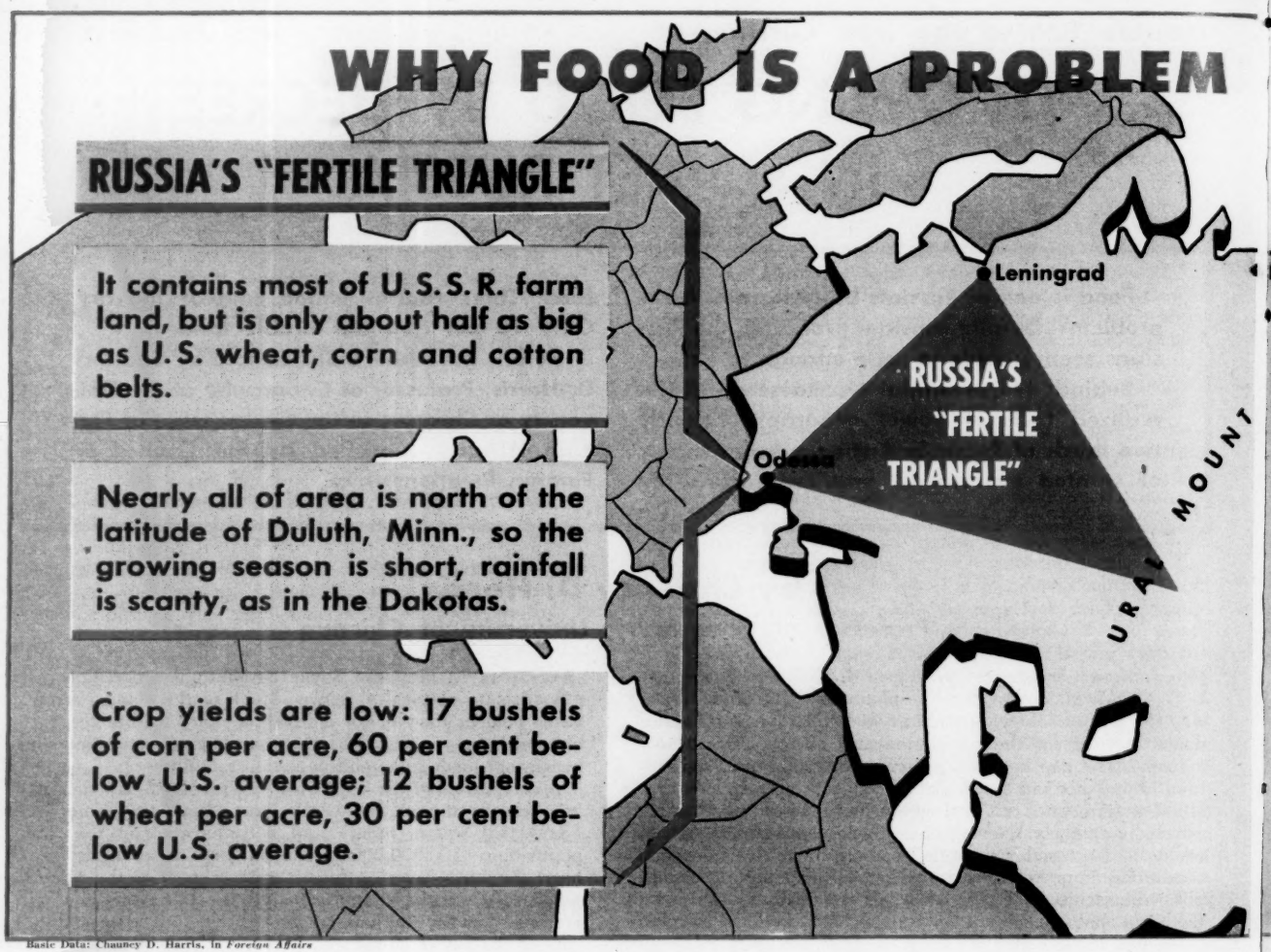
* * *

ATTEMPTS TO INCREASE Soviet agricultural production face obstinate physical obstacles. Much of the country simply is too cold or too dry for cultivation. Even within the agricultural heart, major areas suffer from low and variable yields because of inadequate and uncertain rainfall.

A comparison of the Soviet Union with North America may help clarify the picture. Both have about the same area (8,500,000 square miles) and both have about the same population (200,000,000). In each there is an agricultural heart. In North America this heart stretches from the Atlantic seaboard westward to approximately the 100th meridian and northward to the southern fringe of Canada. The agricultural core of the Soviet Union, the Fertile Triangle, has corners at Leningrad on the Baltic Sea, Odessa on the Black Sea, and in Western Siberia somewhat east of the Urals. Both agricultural centers are bordered on the north by vast expanses too cool for farming and on the interior by dry regions too arid for non-irrigated crops.

But this heart of agricultural production lies much further north in the Soviet Union. The southern boundary lies at about the fortieth parallel of north latitude in the western part of the country and near the fiftieth parallel in the eastern part. Thus the entire eastern portion of the Soviet Union lies north of the northern limit of the continental United States (the forty-ninth parallel) and only a small segment in the west lies as far south as any section of the United States. The coniferous forests, tundra and icecaps that cover much of Alaska, northern Canada and Greenland find their counterpart in the taiga (coniferous forest) and the treeless Arctic tundra of the Soviet Union. Some 5,500,000 square miles, or nearly two-thirds of the Soviet Union, lie in these bleak regions that offer scant hope for normal agriculture.

Whereas North America extends in a north-south direction, the Soviet Union attains its greatest dimension along an east-west line. It extends from 20 degrees east longitude eastward for 170 degrees (to 170 degrees west longitude). This is the same distance that separates the western tip of Alaska from the coast of Norway. This east-west orientation means that much of the Soviet Union is thousands of miles from its west-


WHY FOOD IS A PROBLEM
RUSSIA'S "FERTILE TRIANGLE"
It contains most of U.S.S.R. farm land, but is only about half as big as U.S. wheat, corn and cotton belts.
Nearly all of area is north of the latitude of Duluth, Minn., so the growing season is short, rainfall is scanty, as in the Dakotas.
Crop yields are low: 17 bushels of corn per acre, 60 per cent below U.S. average; 12 bushels of wheat per acre, 30 per cent below U.S. average.
Leningrad
RUSSIA'S "FERTILE TRIANGLE"
Odessa
URAL MOUNT
Basic Data: Chauncy D. Harris, in Foreign Affairs

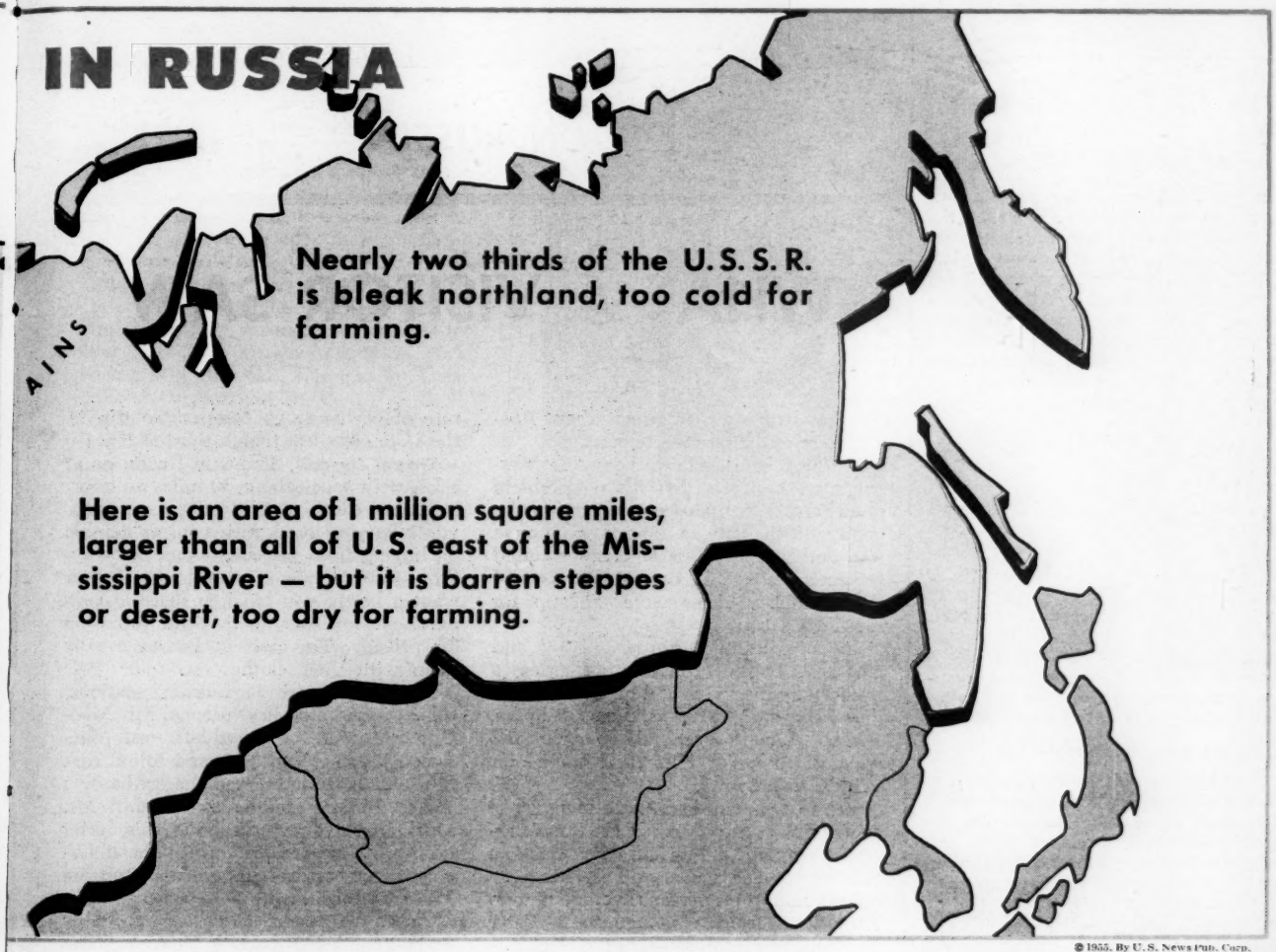
ern margin and thus from the sea, a moderating influence on temperature and a source of moisture. As a result, the eastern part of the Soviet Union is the most continental area on the face of the globe and is characterized by an extreme of temperatures between summer and winter, and by low rainfall. Furthermore, extremes both of cold and of aridity are accompanied by great variability from year to year with risks of unseasonable frosts or periodic droughts. East of the Caspian Sea the uncultivated dry steppes and arid deserts of Soviet Central Asia cover about 1,000,000 square miles.

Thus, more than three-fourths of the Soviet Union is condemned by coldness or dryness (often in combination with other factors such as poorness of soil or drainage) to offer little promise for crop production. Less than half the remaining land, climatically suited to cultivation, is considered arable. Thus the total arable land constitutes only 10 per cent of the Soviet Union (compared with 4 per cent for Canada and 25 per cent for the U. S.).

The amount of arable land in the Soviet Union is about 10 per cent less than in North America (550,000,000 acres compared with 610,000,000). Not all is planted in crops, particularly in any one year. In 1952 the area of sown crops was 386,000,000 acres, somewhat less than North America (440,000,000 acres) but a little more than the United States alone (355,000,000 acres).

Expanding the agricultural area either to the cool north or to the dry southeast is difficult. The northern frontier is one of cool summers, a short and irregular growing season with occasional frosts in very late spring and very early autumn, of infertile podsol soils, of widespread areas of poor drainage, and in places of permafrost (permanently frozen subsoil). The climate is cold and raw and crop failures are frequent. Grain-drying kilns or machinery on collective farms near the northern edge of present farming indicate that the seasons often are too short for the grain to ripen or that the harvest time is too moist for the grain to dry properly. Permafrost covers nearly half the Soviet Union. The soils are mostly podsols, low in plant foods, low in colloids, poor in structure and highly acidic. Heavy manuring and liming are necessary to improve the soil; such expenditures are justifiable only if other conditions are reasonably favorable. The southeastern frontier is arid. Here is a combination of low total rainfall, extremely variable from year to year, and occasional desiccating winds, called *sukhovey*; these may destroy a crop in a single day.

Even in the main agricultural areas crop yields are lower than in the United States. In the Soviet Union the yields of wheat have been estimated to average about 12 bushels per acre compared with 17 in the United States, and the yields of corn 17 bushels per acre compared with nearly 40 in the


IN RUSSIA
Nearly two thirds of the U.S.S.R. is bleak northland, too cold for farming.
Here is an area of 1 million square miles, larger than all of U.S. east of the Mississippi River — but it is barren steppes or desert, too dry for farming.

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United States. Climatic, technological, economic and cultural factors—some permanent, some probably temporary—all play a role in low Soviet yields. The most important long-range factor is doubtless climate.

The Fertile Triangle, which includes most of the farmland of the Soviet Union, is to be compared to the spring wheat belt of the Dakotas and the Prairie Provinces of Canada, where agricultural yields per acre are relatively low and irregular from year to year, where the variety of crops that can be grown is not great, and where measures for increasing intensity of agriculture through fertilization or more labor are less rewarding than in areas of higher rainfall or longer growing season. The Soviet Union does not contain any substantial agricultural areas comparable with the humid eastern half of the United States; it lacks the American Corn Belt and the American Cotton Belt, both of which are favored by a precious combination of relatively long growing season and adequate rainfall. Odessa at the warm southern margin of the Fertile Triangle lies in the latitude of Duluth, Minnesota. Its temperatures, however, are more like those of Omaha, Nebraska. But its annual rainfall is about ten inches less. Because of a short growing season and relatively low precipitation, Soviet agriculture, like that of corresponding parts of the American prairies, is given mostly to grains. As a result of lower yields per acre for the staple grain crops, the lesser development of intensive fruit and vegetable crops, and the low production and low productivity of livestock, total Soviet agricultural production is considerably less than that of the United States.

The Soviet Union may also be compared with North America in the historical development of its expanding agricultural frontier, except that the new lands lay not to the west but to the east.

The ultimate physical limits have not been reached in Soviet agriculture, either in yields per acre, or in areas on which crops can be grown. But the economic limits of agriculture both on the cool and dry margins doubtless have been attained in many areas and have been overstepped in some. Much of the land now cultivated in the Soviet Union is as poor as the abandoned farmland of New England, the Appalachians, or the Dust Bowl of the United States.* Further expansion, though physically possible, typically entails low productivity per unit of manpower or capital investment.

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*"How Strong Is Russia? A Geographic Appraisal," by George B. Cressey. Syracuse, New York: Syracuse University Press, 1954, p. 26.

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ON RUSSIA

WHAT A VISITOR SAW

What strikes an American about Russia, after a 10,000-mile tour. . . .

Traffic is getting fairly heavy on Moscow's main streets, but it's no problem elsewhere. From Moscow airport to the center of the city, a 20-mile run on a four-lane highway, this American counted six automobiles and two trucks. Two of those eight vehicles were laid up for repairs.

In the 58 miles between Kiev and Kharkov, two of Russia's big cities, a traffic tally over a period of an hour and a half showed: 41 trucks, 5 cars, 2 buses, 1 jeep, 1 motorcycle, 22 bicycles, 22 wagons. Average: Less than one motor vehicle to the mile.

Who owns the cars? The manager of a steel mill boasted that, of the 800 workers in his plant, 20 owned cars. This is a ratio of one car to every 40 workers.

Very important persons average higher. Parked in front of Communist Party headquarters in Moscow, at 6 o'clock one evening, there were 55 cars, 48 of them with chauffeurs.

These are a few of the observations of Marshall MacDuffie, an American who spent 65 days in Soviet Russia not long ago on a visa from N. S. Khrushchev, No. 2 man in the Kremlin. The two men first met in 1946, when Mr. MacDuffie headed an UNRRA (United Nations Relief and Rehabilitation Administration) mission to the Ukraine. Now, in a book called "The Red Carpet," published by W. W. Norton & Company, Inc., Mr. MacDuffie tells what he saw in a trip that took him deep into Soviet Russia.

When you travel by plane in Russia, take-offs and landings can be hair-raising. Outside of Moscow, many runways are dirt—in bad weather, seas of mud. The planes for civilian use usually are two-engine jobs. Mr. MacDuffie saw only one four-engine transport. Airports, in most cases, are drab and uncomfortable.

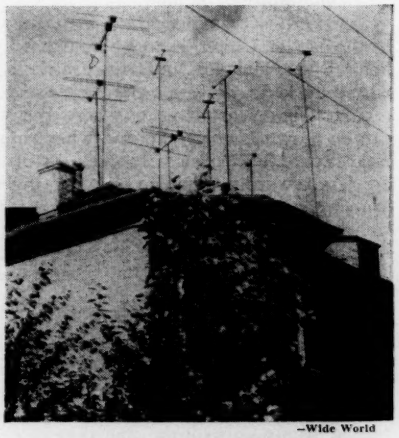
Cost of air travel is high. The plane trip from Minsk to Kiev costs $50, figuring four rubles to the dollar, the official rate of exchange. A comparable trip in the U. S. costs less than a third of that.

Travel by rail. Trains in Russia go at a leisurely pace—about 30 miles an hour. A dining car is a rarity. On most trips, you take your food with you, or gamble on buying from peasants along the way. Stops are frequent; also long. If you want a berth, you have to share a compartment for four, with little provision for privacy. Travelers in Russia usually sleep with their clothes on.

On trains and at railroad stations, soldiers are much in evidence. Mr. MacDuffie counted the crowd at one stop between Moscow and Kiev and found that the soldiers outnumbered the civilians.

Are Russia's railroads efficient? Mr. MacDuffie wondered about this, after noting in one freight train eight different sizes of cars, ranging in capacity from 15 to 60 tons each.

As to television, there are probably 300,000 sets in Russia. A set costs about $600. The programs, restricted to evening hours and Sunday afternoons, include live telecasts from theaters and opera houses. There are no commercials.



—Wide World

RUSSIA'S TV SKYLINE
. . . a set costs $600

Screens are quite small, but the image is clear. Repairs seem to be frequent and expensive.

Entertainment is big business. Costly, too, for visitors. A diplomat from the American Embassy took a visiting Congressman out to dinner and a show. His bill for the evening: $90.

There are anti-American shows to be seen, and some of them draw big crowds. Movies of life in the U. S. particularly fascinate Russians. The purpose of the movies may be anti-American propaganda, but Russian audiences seem most interested in comparing American living standards with their own.

Any churches left in Russia? Moscow, Mr. MacDuffie learned, has 55 churches. This means one church for every 100,000 Muscovites. New York, with 2,600 churches, has one for every 3,000 New Yorkers.

Clothes, while easier to buy than a few years ago, are still expensive and of uncertain quality. Mr. MacDuffie talked to a Moscow woman who said the outfit she had on cost $212. A similar outfit could be bought in the U. S. for $60.

There are many signs in Russia, Mr. MacDuffie found, of a feverish building boom, but much of the new and desperately needed housing is so bad that Mr. Khrushchev has complained publicly about it.

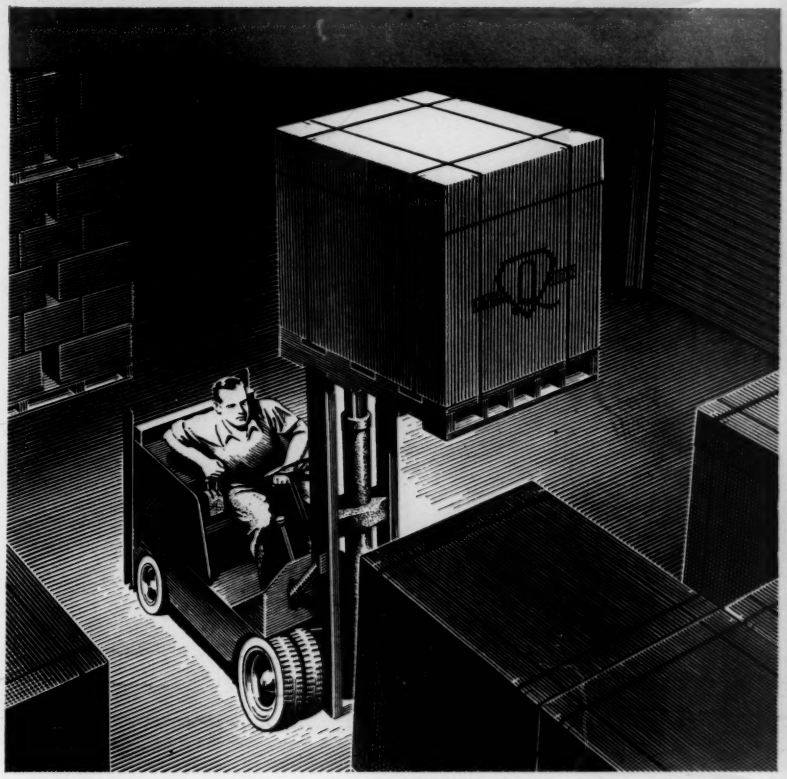
Brand-new buildings often reveal chipped paint, bricks out of line, doors that sag. Interiors of new apartments, ready to rent, have all the wiring and plumbing out in the open, uncovered.

Moscow's skyscrapers are fancier than the new housing. But there are only eight of them, the highest having 38 stories. All skyscrapers are occupied by Communists or Communist agencies.

In general: People in Russia complain of bad housing, many shortages and circulate sarcastic jokes about bureaucrats and red tape, but seemed to Mr. MacDuffie nowhere near open revolt against their Communist rulers.

—Sovfoto

MOSCOW'S TRAFFIC
. . . there isn't much elsewhere



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Here is a manual motor starter that's push button operated . . . built in two ratings, max: 5 hp, 220 v; 7½ hp, 440-550 v. Allen-Bradley Bulletin 609 Starters have a quick-make, quick-break switch mechanism that is actuated manually by either the "Start" or the "Stop" push button. Two accurate overload breakers automatically open the switch in case of sustained overload.

The double break, silver alloy contacts require no cleaning, filing, or dressing. The bright white interior permits ease of wiring even in dark locations. Bonderized steel cabinets resist rust—are neat in appearance.

For damp, dusty, corrosive, or explosive atmospheres, special enclosures are available. Specify Allen-Bradley controls — they're QUALITY!

Bulletin 609 in Watertight Enclosure.

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Gentlemen: Please send me your Bulletin 609 on Manual Starters.

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We've Been Asked:

HOW STOCK OPTIONS WORK

- The bases of some fortunes have been made in recent years under company stock-option plans.
- Bull market has helped to push up prices of stocks and bring gains to executives who bought stocks through such options.
- Changes in tax laws in 1950 opened way for tax savings under the option programs.

Big profits were made by some in the last few years under stock options. What has been happening here?

Many company executives in recent years were given options to buy company stocks at fixed prices. In many instances these stocks today are selling on markets at two or three times the option price. That means large profits for some. Furthermore, changes in tax law, approved in 1950, gave these company executives favorable tax treatment if their options met certain conditions.

Did they have to buy under the option plans?

No. The executives could wait and see what happened to the price of these stocks in the market. If the price went up, they could buy. Or, if the market dropped, they could just sit tight and do nothing.

How long could they wait?

Under many company stock-option plans that met Treasury requirements, an executive could wait 10 years before exercising his option to buy.

Could a person lose under such a plan?

Yes. That could happen where a company executive exercised his option and bought stock, and then there was a drop in the market price. He might have to take a loss when he sold. Since the tax rules were changed in 1950 to benefit purchasers under these so-called "restricted" stock options, there have been more gains than losses under the plans. So the options have not had a real test under an extensive period of falling stock prices.

How does a person get in on this stock option?

He has to be an employe of a company with a stock-option plan, and he usually is in an important position. The stock option is used by some firms to hire executives away from other firms, or to hold their own key men. Options usually are not available under this program to employes in lower positions in a company.

How is an executive taxed under these stock options?

Until he actually sells his stock, bought under a company option plan, the executive has no taxable profit. The tax, thus, might be delayed for many years. Also, his profit, or at least a part of it, usually is taxed as a capital gain rather than as ordinary income. That means paying a maximum tax rate of 25 per cent on his profit, rather than a much bigger regular tax rate for a person in a high income tax bracket. Under the previous law, the tax usually was higher and payment was quicker.

What restrictions are there on these stock options?

First, to qualify for special tax treatment, a company executive must not sell such stock until at least two years after the option was granted, and also until at least six months after he purchased the stock. He cannot sell or dispose of the option itself except to pass it on to his heirs at death. The option price must be at least 85 per cent of the fair market value of the stock. Where the option price is less than 95 per cent of the market value, some of the profit can be taxed as ordinary income instead of at the capital-gains rate.

Were the stock-option rules changed by the 1954 Revenue Act?

Yes, in several ways, and mostly to aid further these stock plans. Under one new rule, a company can sometimes lower the option price of its stock when there has been a sharp drop in its market price over the previous 12 months. Another change provides that new stock options, granted after June 22, 1954, must be exercised within 10 years. Another change deals with who can participate in restricted stock-option plans. Heretofore, a person holding more than 10 per cent of a company's stock was not eligible. Now, a person owning more than this can get a five-year option if the option price is at least 110 per cent of the market value. Otherwise, the main rules for restricted stock options remain unchanged from those established by Congress in the 1950 Revenue Act.

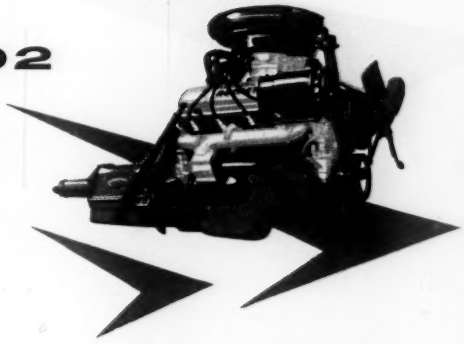
ALL AROUND NEW!

ALL THE WAY THROUGH!

New 1955 Ninety-Eight DeLuxe Holiday Coupé. A General Motors Value.

...Powered by "ROCKET" 202

Headed straight for highest honors! It's the new "*Go-Ahead*" *look* . . . Oldsmobile's styling exclusive for '55! Here's grace and glamour to raise your spirits . . . a "flying color" flair that's Oldsmobile's alone! What's more, the new "Rocket" 202 Engine steps ahead in power and performance! By all means see and drive this all-around-new "Rocket" Oldsmobile . . . at your dealer's now!



Higher power (202 hp.), higher compression (8.5:1), higher torque — the greatest "Rocket" on record!

Ninety-Eight

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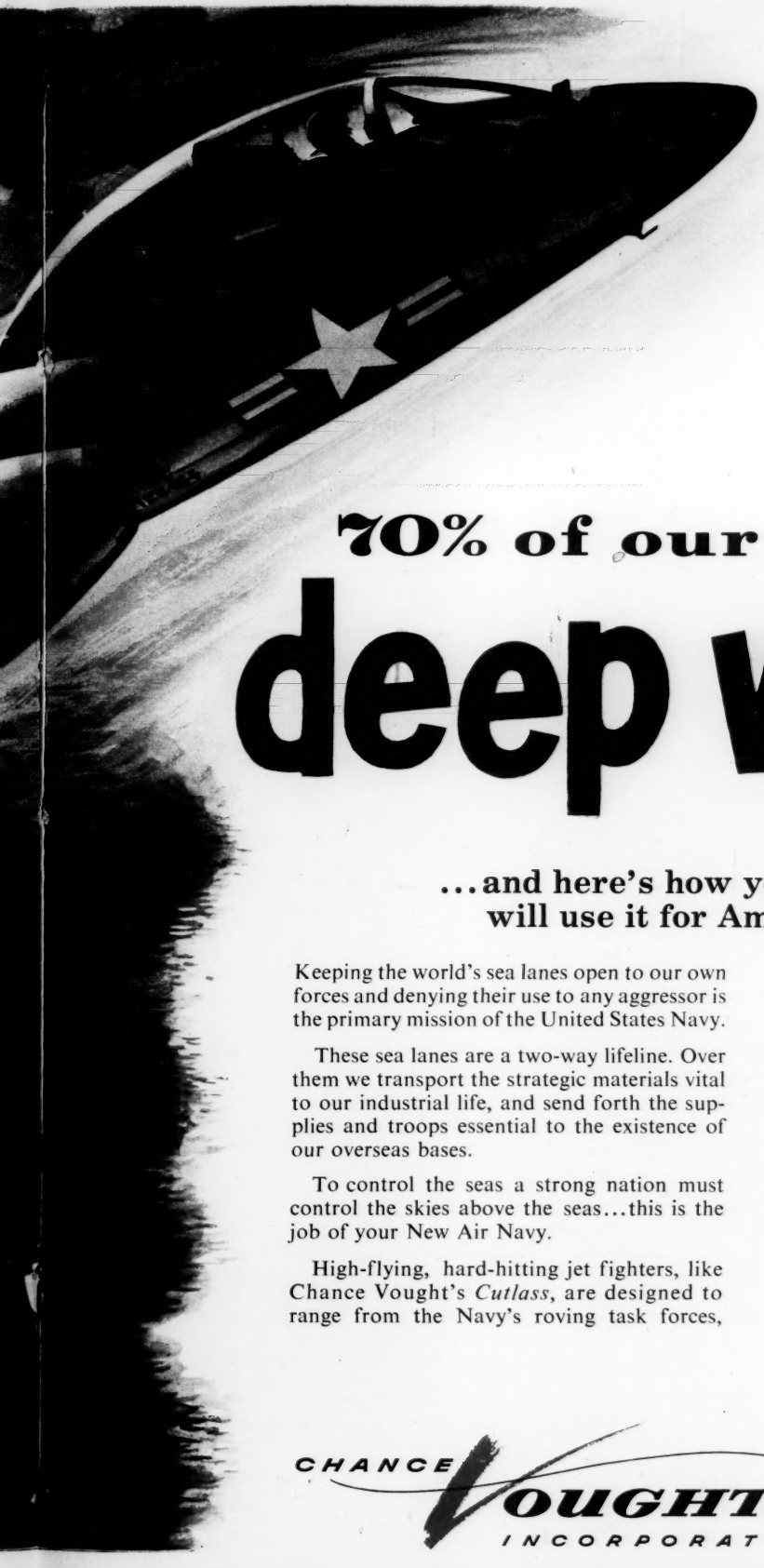
CHANCE VOUGHT—Designer and Builder of High Performance Military Aircraft since 1917



F7U-3 Cutlass, new Chance Vought general purpose fighter now in service with the U. S. Navy. Swift and versatile, it is armed with cannons and rockets, can carry bombs and guided missiles. Twin turbojet J46 engines, equipped with afterburners, supply the Cutlass with more than 12,000 pounds of thrust.

70% of our planet is deep water

...and here's how your New Air Navy will use it for America's defense

Keeping the world's sea lanes open to our own forces and denying their use to any aggressor is the primary mission of the United States Navy.

These sea lanes are a two-way lifeline. Over them we transport the strategic materials vital to our industrial life, and send forth the supplies and troops essential to the existence of our overseas bases.

To control the seas a strong nation must control the skies above the seas...this is the job of your New Air Navy.

High-flying, hard-hitting jet fighters, like Chance Vought's *Cutlass*, are designed to range from the Navy's roving task forces, sweeping the skies and extending the striking power of our surface fleets.

They are an "insurance policy" against attack upon our far-flung bases...an advance guard against attack at home.

Your New Air Navy plays a vital role in the use of deep water as part of America's defense.

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Action, adventure...fellowship, prestige...and priceless training that fits you for the challenge of the new jet age...all wait for you as a Navy flier. If you are unmarried, and between the ages of 18-25, visit your nearest Naval Air Station or write NAVCAD, Washington 25, D.C.

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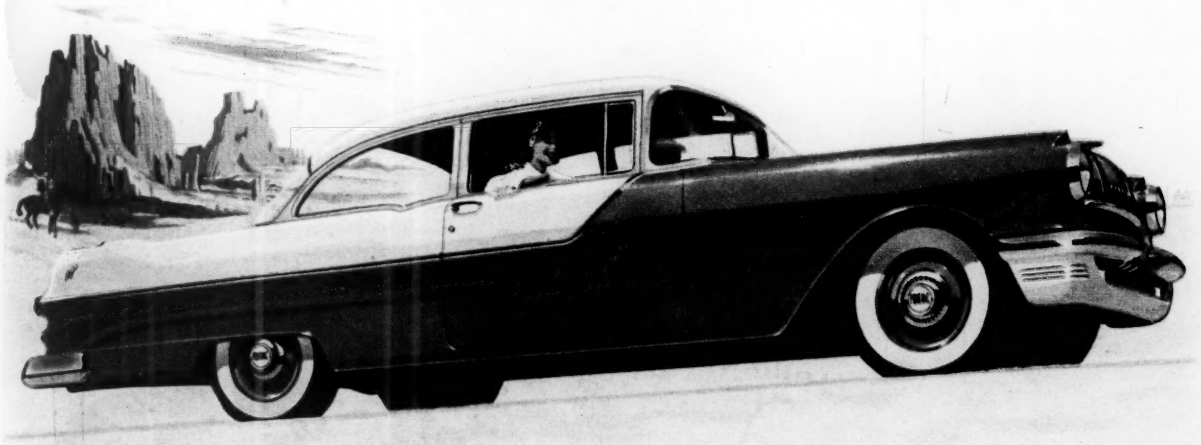
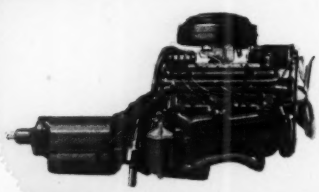
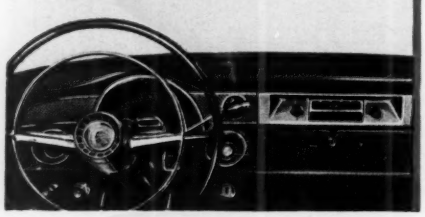


THE 860 2-DOOR SEDAN



ALL-NEW STRATO-STREAK V-8

Here's why Pontiac is out-front in all-around performance, economy and dependability. All three lines have this same great engine which elevates each to top rank at its price for smoothness, quietness and spectacular "go".



ALL-NEW DRIVING EASE

New recirculating ball steering, vertical king pin front suspension, parallel rear springs and bigger brakes increase safety, make steering easy as pointing a finger, cushion road shock, assure even-keel cornering and a smooth, restful ride on any road.

It is most men's dream to take the wheel of a long, low powerhouse of a car and say, "I own it". It is most women's dream to drive a beautiful mode-of-tomorrow car and pridefully state, "It's mine".

If such are your desires, there's not a thing to stop you—for these are the dreams that Pontiac fulfills for every new-car buyer with the glamorous 860 sedan depicted above. You step straight into an "all-time great" performer—as far ahead in response, control and roadability as in its future-fashioned lines. Yet this big, high-styled beauty with the Strato-Streak V-8 actually costs just pennies a day more to buy than the lowest-priced cars. Accept your Pontiac dealer's invitation—take a Strato-Streak ride today and learn how little it actually costs to make this great car yours.

PONTIAC MOTOR DIVISION OF GENERAL MOTORS CORPORATION

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'55 **Pontiac**

STRATO-STREAK V-8

A NEW DUST BOWL IN WEST

Official Report Shows Bigger Threat Than in '30s

After years of searing drought, a 10-State area of the West faces a serious danger of dust storms this spring.

The threatened "blow" of 1955, unless the area is saved by rain or snow in weeks just ahead, could be the worst ever.

This isn't the only place that has suffered. Drought, in milder form, touched most States in 1954, may again in 1955.

A dust bowl worse than that of the 1930s is threatening to develop this spring in the Great Plains. Only a near-miracle will prevent widespread wind erosion in a parched area extending all the way from west Texas to the Nebraska panhandle.

All told, 26 million acres is "in condition to blow," according to the Soil Conservation Service of the Department of Agriculture. Last year a total of 16.7 million acres was damaged.

Agriculture officials emphasize that this is not a prediction that 26 million acres will actually "blow." Just how many acres will be damaged depends on the amount of rain and snow that arrives before the windy season gets in full swing, and also on the intensity and duration of the winds.

Officials are haunted by the prospect of another season as windy as last spring. The added year of drought, which has been spreading across the area since 1950, has made conditions twice as bad as they were a year ago. The 1954 blowing season was preceded by extremely dry weather and above-normal temperatures. This combination, which tends to increase the persistency and force of spring winds, has prevailed again.

It was these conditions that last year spawned one of the worst dust storms in the history of the Plains. It came late in February and centered in southwest Kansas counties along the Colorado line. Weather Bureau gauges at Dodge City, 100 miles east of the storm center, registered winds of 50 miles an hour for six straight hours, with gusts up to 90 miles an hour.

Tumbleweeds and dust. This wind tore wheat out of the ground by the roots. It scoured off sorghum stubble that normally would have held the soil in place. It sent the tumbleweeds rolling across the prairie until they lodged in fence rows or against buildings. There they caught the powder-fine dust in drifts that covered fences, blocked roads and sometimes reached the eaves of houses and farm buildings.

This one storm opened a wound that spread with the winds, which continued on through March. It accounted for the severe damage to the area of southeast Colorado and southwest Kansas, one of the two hardest hit last year. The other was in west Texas, where drought had seared the sandy soil for four straight years. Both areas are listed as critical for the coming season because there hasn't been enough moisture since last year's

Basic Data: Soil Conservation Service

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big blow to restore anything close to normal crop cover.

The land in most critical danger this spring is in the general area outlined on the map on page 71. A total of 19.5 million acres there may blow. Scattered throughout the Great Plains to the north is another 6.5 million acres.

Total acreage in danger in each State is: Texas, 6,791,000; New Mexico, 1,379,000; Oklahoma, 1,112,000; Colorado, 5,008,000; Kansas, 5,355,000; Wyoming, 1,974,000; Nebraska, 842,000; South Dakota, 1,726,000; North Dakota, 975,000; and Montana, 898,000.

Where will it stop? Drought last year hit practically every part of the United States. Some forecasters look for it to ease this year; others say the country is in a dry cycle that will continue another three or four years. However, even with more drought like that of 1954, it is not likely that widespread dust bowls will develop outside the Great Plains.

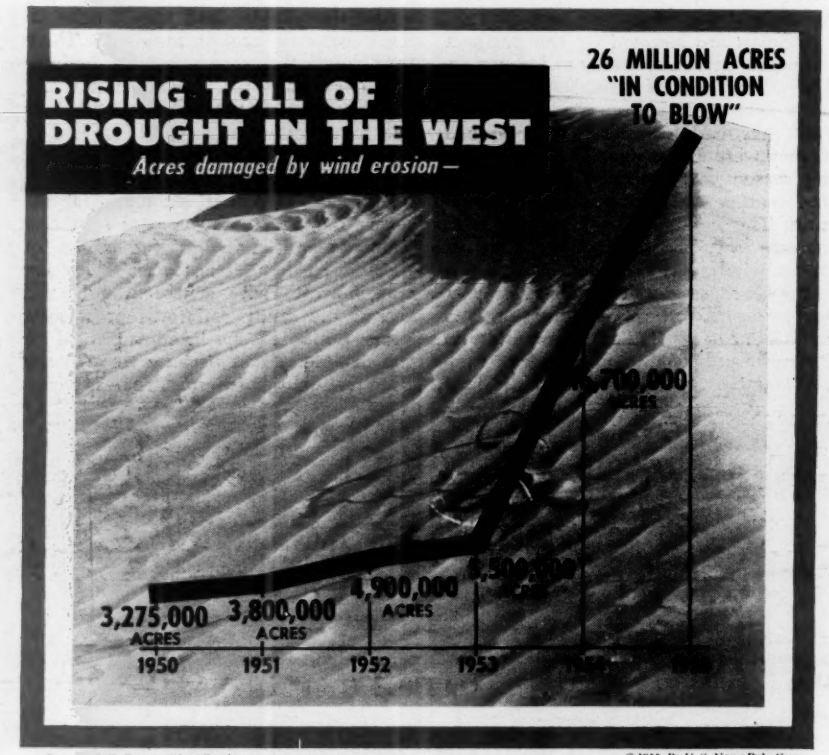
For one thing, a 50 per cent drop from normal rainfall in an area that gets an average of 40 inches a year is not as serious as a 50 per cent drop in the Great Plains, where average annual rainfall is 15 to 25 inches. Then, too, wind sweeping across the flat fields of the Plains builds up higher speeds.

If the drought extends into the northern Great Plains again this year, then more land in Nebraska, the Dakotas and Montana will be in condition to blow next year. There was a good bit of blowing in this area back in the 1930s.

There may, of course, be recurrences of the type of storm that dropped dirt from the dust bowl on many Eastern cities in 1934. A storm that year picked up topsoil from almost every bare field from New Mexico to Montana. The fine dust was lifted into the upper atmosphere, blown eastward with the prevailing winds, and showered on New York, Washington and other cities.

People outside the new dust bowl are asking what became of the shelter belts and grass that were planted during New Deal days to stop the blowing dust. A lot of the shelter belts are still there, helping to hold down wind erosion. The Government still holds some grassland. Some farmers have done their share, applying soil and water-conservation measures learned through bitter experience.

But it wasn't shelter belts and grass that really healed the old dust bowl. It was rain and snow, which came to the Plains in amounts far above normal all through the 1940s and brought prosperity to the farmers. They cashed in on bumper grain and cotton crops, sold at prices inflated by the demands of World War II and the postwar period.



Source: Soil Conservation Service

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By 1950, when the current drought began to push its way up from west Texas, the soil and water-conservation lessons had been largely forgotten. Grasslands in areas that couldn't produce crops without more than normal rainfall had been plowed up. As the drought spread, the dust storms got bigger. By last spring the stage was set for the big blow that came.

Down but not out. Although the 16.7 million acres damaged last spring is comparable to old dust-bowl days, there has not been widespread abandonment of farms. Newcomers and "suitcase farmers," who plowed up a lot of the grassland, have left, but the natives stick. They resent the implication that all the Great Plains is blowing away.

"Those of us who have breathed the dust and all, know this country will always come back," says Don Christy, rancher in Scott County, Kans.

Even in the midst of last year's big blow, crops were produced. For instance, in the 14 counties of southwest Kansas last year the cash value of the wheat and grain sorghum crops was over 40 million dollars. This compares with 70 million these two crops brought to farmers in that area in 1949, an average year.

Soil-conservation experts are convinced that wind erosion can be checked. "We don't need to have these recurring dust bowls," says Donald A. Williams, Administrator of the Soil Conservation Service. "Proper land use and good soil and water-conservation practices by all farmers and ranchers would prevent such catastrophies."

What to do. Mr. Williams is urging farmers to return to grass the fields that should never have been plowed; to use strip cropping, which means letting alternate strips of land lie fallow each year to build up a reserve of subsoil moisture; to practice stubble-mulch tillage, which leaves crop residues on the surface to hold soil in place.

The land of farmers who didn't forget the lessons of the old dust-bowl days is now proof to their neighbors that this kind of farming pays off. As a result, membership in farmer-controlled soil-conservation districts is rapidly increasing, promising the spread of good land use. These districts have the power to enforce land-use regulations. Experience of the 1930s shows that they will use this power if the situation gets worse.

Even with the best farming methods, it will take years to heal the new dust bowl, unless moisture comes soon in at least normal amounts. The best hope for the people of the Plains, and the rest of the nation, is that the current dry cycle will soon end with rains like those in 1940 that solved the problem of the old dust bowl.

"Oh, brother...is he burning up!"

■ You can't blame a guy for getting hot under the collar about today's high costs. But here's a stream of ideas that will help put out the fire.

If high printing bills are igniting your temper, take a calm, cool look at the paper you are using. It represents a big share—one-third—of the average printing job. In the past, you could do nothing about it, since papers of equal quality have always cost about the same. But today it's a different story.

Today, Consolidated Enamel Printing Papers cost less than other enamel papers of equal quality.

Behind this surprising statement is a modern papermaking method, perfected and pioneered by Consolidated, that eliminates several costly manufacturing steps while maintaining highest quality.

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There is a difference between a *Risk* and a *Chance*

Returning from a two-year expedition in the Arctic, a famous explorer was asked to recount "his closest call." He answered, "I didn't have any. A well-planned expedition takes no chances."

"But wasn't there any risk involved?"

"Plenty—but there's a difference between a risk and a chance. A chance is a *blind* gamble in which you are at the mercy of luck. A risk is a hazard which you know exists and you meet it with *eyes wide open*—taking every reasonable precaution to avoid the danger which is apparent."

Let's apply the explorer's logic to everyday business. The parallel is interesting, because the businessman is an adventurer who must calculate risks against rewards.

Ask any credit manager. He'll tell you that he "takes the risk" of capital or merchandise as a necessary element of the great adventure of business. But the credit manager recognizes the hazard by maintaining clear visibility and constant vigil through current information in his files.

The supplier who "takes a chance" and ships or declines without adequate credit information is trusting to luck instead of logic.

The business of Dun & Bradstreet is to present facts as a basis for credit decisions—facts on management experience, method of operation, financial position, and payment habits.

Successful concerns sell on *facts—not hunches.*

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FROM THE CAPITALS OF THE WORLD

TAIPEH....SAIGON....PARIS....LONDON....

>> In a world said to be at peace.....

Chinese Communist bombers have renewed their attack on Nationalist-held islands off China's coast. Nationalist Chinese planes have retaliated.

Civil war has again broken out in South Vietnam among anti-Red armies.

Armed revolts are spreading in Indonesia, involving key islands.

Costa Rica, in U.S. back yard, protests it has been invaded by Nicaragua.

>> To round out this list, bring it up to date.....

Warfare in British Malaya, in its seventh year, keeps right on. Casualties last year exceeded 1,300. Jet bombers are being tried out against guerrillas.

Warfare in British Kenya, in Africa, involves a new, intensive drive by bombers and nine battalions of troops to round up 10,000 Mau Mau terrorists.

Attacks near Aden, strategic Middle East port, keep British planes busy bombing marauding tribesmen, guarding British interests in that part of the world.

Arab-Israeli hostilities were supposed to have ended in 1949. All-out war stopped then, but warlike incidents keep on. There's no real peace here.

French North Africa is another powder keg, kept in something like a state of war by one uprising after another. More uprisings, more calls for troops from France to keep order are in prospect throughout 1955 and after.

No major war is being fought today, but there are lots of little ones.

>> Even little wars have to be watched, can't be ignored. This is why:

Chinese conflict can get U.S. involved in war. U.S. Seventh Fleet is close to that battle zone. A stray bomb, a Communist torpedo could have consequences not now expected. And Communist propaganda continues to be bitterly anti-U.S. Peiping hasn't talked publicly like a Government willing to free U.S. airmen.

Shooting in South Vietnam reduces U.S. chances of building that unstable Government into a force able to withstand North Vietnam, now run by Communists.

Revolts in Indonesia give the growing Communist Party on the islands its chance to gain ground. Revolts apparently are more numerous and widespread than Indonesia's Army can handle. In addition: Inflation, political infighting and anti-Westernism are driving important U.S., British firms out of Indonesia.

U.S., which helped Indonesia win independence, wonders what happens next.

North African turmoil concerns U.S. as well as France. Big U.S. bombers are based in French North Africa. A civil war can make U.S. bases untenable.

>> Fresh outbreaks in French North Africa are likely in the near future. It appears to depend mainly on how long Premier Mendès-France stays in office.

Under Mendès-France, idea has been to give North Africa--Tunisia, to begin

(over)

with--more home rule. Not full independence, but something approaching it.

If Mendès-France is forced out, current Paris-Tunis negotiations looking toward home rule are almost sure to collapse, Paris will probably get its back up, and another wave of riots and murders in North Africa can be expected.

In Paris, some observers doubt Mendès-France will be able to stay in office much longer. The opposition is beginning to gang up on him. There's a question whether his Administration will survive long enough for the French Council, upper house of Parliament, to ratify the Paris pact to rearm West Germany.

With Mendès-France out, look for a round of violence in North Africa.

>> In Saigon, what keeps worrying U.S. officials is whether there is time enough to put South Vietnam on its feet. Truce terms call for a Vietnamese vote in 1956 to say whether Communists or anti-Communists are to run all of Vietnam.

South Vietnam, right now, is in a situation pretty close to chaos.

Official attitude, as displayed in Saigon, is to play up hopeful events, minimize the discouraging ones. Accordingly, the fact that Premier Diem was applauded by sizable crowds on a trip through South Vietnam is emphasized.

Fighting among anti-Communist armed groups in South Vietnam is overlooked.

Basic issue boils down to this: Whether people of South Vietnam, with no experience in self-government, can put together an effective government during the next year able to root out subversion from the Communist North.

U.S. is betting millions that South Vietnam can, but it's a risky bet.

>> A key issue at the Bangkok meeting next month, when Secretary Dulles meets the Manila-pact partners, turns on what kind of aid Southeast Asia is to get.

Until recently, Britain argued that this part of Asia needed economic and political help most, military aid least. U.S. took almost the opposite tack.

Now, U.S. and Britain have switched positions. U.S. seems to have lost faith in a military solution for Southeast Asia, puts priority on economic aid. Britain is pressing for a military organization in or near the area.

Bangkok conference is unlikely to settle this argument. Allied program for Southeast Asia, this means, will continue vague for some time to come.

>> In London, British military leaders held this hopeful view of the future:

No major war is to be expected before 1960, if then.

From 1960 on, chance of war depends on whether Allies can keep ahead of Russia in arms research and new weapons. Allies are believed to be ahead now.

It's U.S. air power, more than any other single factor, that is the big deterrent against a major war between now and 1960.

On these assumptions Britain is basing its defense needs for next few years.

>> Reason Britain's military men rely so heavily on U.S. air power is this:

U.S. bombers can reach any major target in Russia. Bases of these planes in U.S., however, are beyond the present reach of Soviet bombers. Even Soviet attacks on big U.S. cities call for one-way trip, not thought likely.

After 1960, however, Russia will have many jet bombers, better defenses. Peace will then depend on how Allies maintain defenses, how arms race stands.

If and when war comes, British defense planners assume H-bombs may be used. First blow of war, while hard to predict, probably would strike bomber bases both in U.S. and Britain. For Britain, then, first 30 hours might tell the tale.

Fly into *Action*

Many a successful man works hard at being successful... only to find he has no time for what success is supposed to bring: The thrill of going places; the enjoyment of friends, of sports, of pleasure, of weekend relaxation.

But for thousands of men, ownership of a fast Beechcraft has enabled them to "FLY into action"... has provided them a new and faster means of business travel... has provided too a new and better way of living!

Men of decision have *more* time for work – *more* time for pleasure, too. They reduce travel time as much as 75 per cent. They visit distant plants and customers more often and still have time for important home office activities. Their Beechcrafts are the Air Fleet of American Business.

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BEECHCRAFTS ARE THE AIR FLEET OF AMERICAN BUSINESS

THE MEN ..Two Presidents **THE NEWS** ..Personal War

Clash of Ideas . . . Clash of Arms

SOMOZA

Democracy in Costa Rica and dictatorship next door in Nicaragua, personal feuding between leaders of the two nations cause trouble in Central America. Pictured here are the men involved, their clashing purposes.

FIGUERES

BEHIND THE SHOOTING in Costa Rica lies a blazing feud, a conflict of ideas, objectives and personalities, between the top men of two bordering Central American nations.

José Figueres, President of Costa Rica, heads what is considered by many to be a truly democratic country, elected by popular vote. Mr. Figueres is a strong advocate of democracy, with some moderate socialism added. He is the spearhead of a movement to rid Latin America of dictators.

Anastasio Somoza, President of Nicaragua, has been that country's "strong man" for 20 years. Some call him a benevolent dictator. But almost no one disputes the assertion that he is a dictator, head of the Army, with few if any restraints upon his decisions or actions.

The feud between these two, both educated in part in the U. S., goes back to 1948. Then, with a usurper grasping power in Costa Rica, Mr. Figueres headed a military junta that set the usurper aside in favor of a duly elected President. The ousted President happened to be Mr. Somoza's close friend, and some say "stooge," who since that time has become secretary to the Nicaraguan President.

Since 1948, there have been intermittent frictions between Costa Rica and Nicaragua. Sometimes fighting seemed imminent. On several occasions, the U.S. alertly and quietly acted to prevent an outbreak of hostilities.

Now, Mr. Figueres accuses Mr. Somoza of having organized an invasion of Costa Rica. He has complained to the Organization of American States, which ordered an investigation. Mr. Somoza retorts that what has been going on in Costa Rica is a civil war, that Costa Ricans rose against a crumbling Government. He also took occasion to challenge Mr. Figueres to have it out man to man with pistols at the boundary line.

"He's crazier than a goat in the midsummer sun," was Mr. Figueres's reply.

There seemed little prospect that the two would meet on a field of honor with the Costa Rican-Nicaraguan frontier running down the middle. Meanwhile, the shooting in Costa Rica continued. Mr. Figueres was confident that his police force, augmented by volunteers, would put it down. There is no Costa Rican army.

The Costa Rican. Mr. Figueres, 48, a slight, spare figure, filled with intense nervous energy, obviously is a man well liked in his country. He was elected to the Presidency by an overwhelming vote in 1953. Tax measures since then may have decreased his support somewhat but, observers say, it remains huge.

President Figueres is the son of a Spanish physician who migrated to Costa Rica. He attended local schools, went on to the Massachusetts Institute of Technology. There, with little help from home, he worked his way to a degree in engineering, married in the U. S. and returned to Costa Rica.

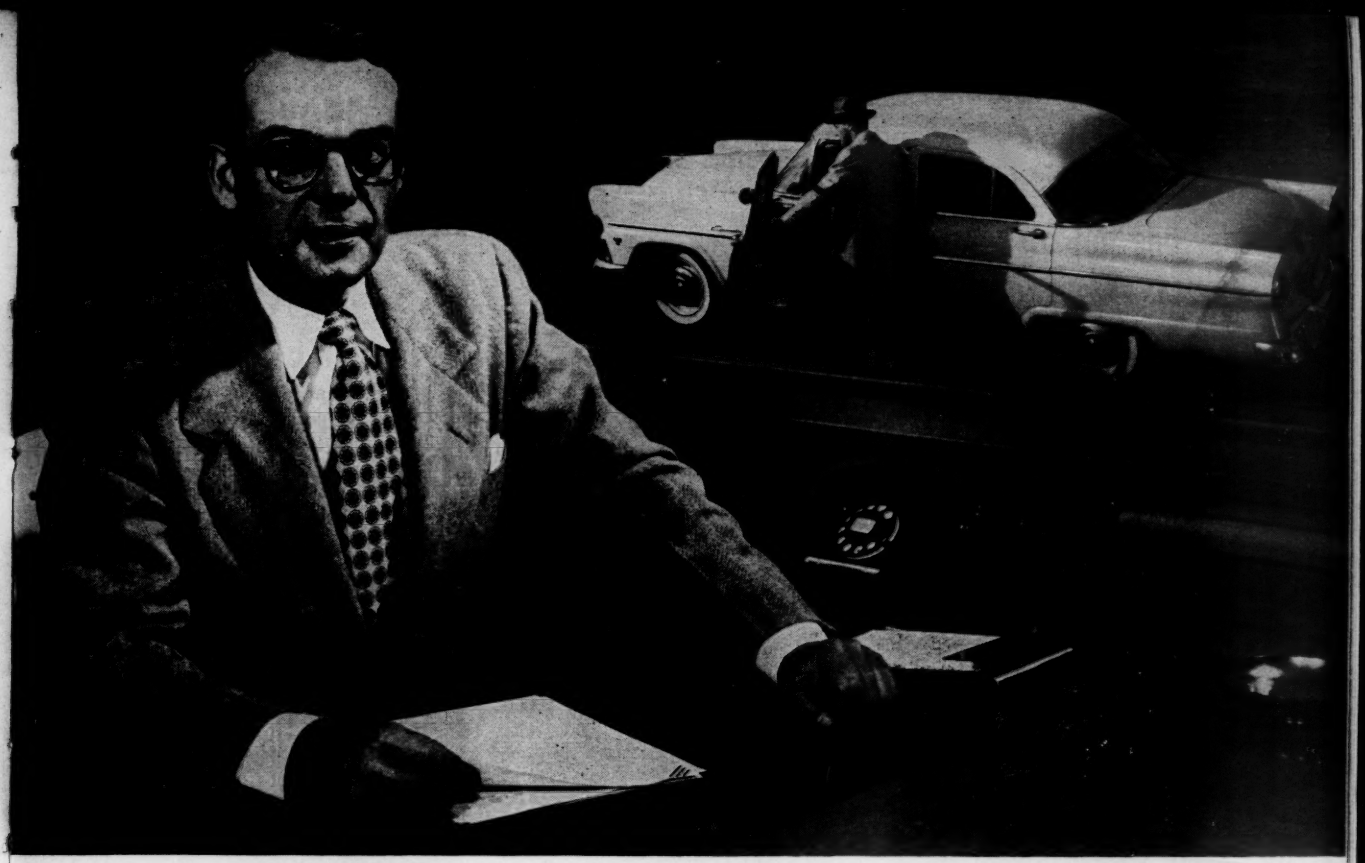
Enough money was scraped together to buy land for a coffee plantation. The young planter found buying imported coffee bags a major item of expense. So he turned some of his land into growing sisal, from which bags and rope are made. He found power in the mountain streams and established bag and rope factories.

His holdings grew. He became wealthy, by Costa Rican standards. And he began applying his social ideas. His sharecroppers, numbering sometimes as many as 1,000, could sell their coffee to him at average prices or take it where they could get more. He built bungalows for them, planted a communal vegetable farm, established a dairy to provide free milk for the children, provided medical care and recreational facilities for his employes.

Mr. Figueres was drawn into politics in 1942. He made a radio speech in opposition to the regime then in power and for his pains spent two years' exile in Mexico. In 1944, he returned to his plantations. Four years later, President Teodoro Picado, Mr. Somoza's friend, refused to abide by an election that made Otilio Ulate President. Under Mr. Figueres's leadership, Mr. Picado was deposed by force.

(Continued on page 80)

THE SCENE OF THE TROUBLE
Suggested: a duel on the border



"22 FIELD ENGINEERS...BUT THEY COVER THE ENTIRE UNITED STATES EFFICIENTLY...THANKS TO HERTZ CARS,"

Says W. E. Thomas, Executive Vice President, Magnaflux Corporation

"Speed and being at the right place . . . at the right time...are of the utmost importance in our business of providing United States industry with inspection and engineering service. And because we cover the entire United States with 22 field engineers, most of the men handle a large territory. Doing this job without Hertz cars would be much more difficult, and we're mighty glad to find Hertz service wherever we go . . . including all key airports. For it's by the speed of trains and planes, and, of course, Hertz cars, that our men cut down wasteful highway driving time during the day. Yes, we have only 22 field engineers . . . but they cover the entire United States efficiently . . . thanks to Hertz cars."

Here's how you, too, can cover more ground!

From Bangor to Buffalo . . . from Altoona to Alameda . . . wherever you sell, service or install the products you make, you can rent a Hertz car as quickly and easily as checking into a hotel!

Right now, there are nearly 800 Hertz offices in over 550 cities in the United States, Canada, Alaska, Mexico, Hawaii, New Zealand, Cuba, Haiti, Puerto Rico, the Virgin Islands, Great Britain, Ireland, France, Belgium and Switzerland. You can rent a new Ford Fordomatic or other fine expertly maintained car from among 9,400 in the Hertz System. And you can rent one for an hour, day, week, or longer, just by showing your driver's license and proper identification. Drive carefree! Hertz furnishes all gasoline, oil . . . Public Liability, Property Damage, Fire and Theft Insurance, and $100.00 deductible collision protection—*at no extra cost!*

Speaking of costs, the Hertz rental rate is low. For example, at the Hertz office in Canton, Ohio, the 24 hour daily rate is $7.00, plus 8 cents per mile. The total cost for a trip of 30 miles, in one day is only $9.40, whether one person or five ride. Rates are lower by the week, and may vary slightly in different cities.

To be sure of a car locally or in another city, make a reservation in advance. Just call the Hertz office nearest you. They're listed in your telephone directory under "H."

To simplify your bookkeeping, and to cut down on waste travel expenses, you can use the Hertz Charge Card, Air Travel Card or Rail Credit Card. They serve as identification, eliminate deposit requirements, and provide credit privileges, if desired.

For additional information, call your nearest Hertz office or write or phone Hertz Rent A Car System, Dept. 715, 218 South Wabash Avenue, Chicago 4, Illinois. Phone: WEbster 9-5165.

Go Easy... Go HERTZ RENT A CAR SYSTEM

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Need a truck? Hertz has them, too! Low Rates! Everything furnished but the driver. ***Call your local Hertz office.***

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Eberhard Faber's Singlex Typewriter Eraser looks like a pencil... sharpens like a pencil! Always has a sharp point for clean, single-letter erasures. In brilliant metallic green polish, with or without modern nylon brush. SINGLEX is only one of many reasons why more people buy Eberhard Faber erasers than any others made.

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EBERHARD FABER *puts its quality in writing*

NEW YORK • TORONTO

. . . *Expansion of social aids is aim of Mr. Figueres*

For a number of months, until the country became more stable, Mr. Figueres served as acting President. Then, in 1949, he turned the Presidency over to Mr. Ulate. Meanwhile, Mr. Figueres had made many friends, especially among the younger Costa Ricans. University students, it is said, persuaded him to run for the Presidency, against an extreme right-wing-Communist coalition.

As President, he has sought to expand social services and develop Costa Rica's natural resources. A new contract with the United Fruit Company has been negotiated, increasing the company's taxes. It still has not been ratified by the Congress, however, for along with it go increased internal taxes. Conservative elements are balking at being taxed to pay for the President's social program.

And just across the border is President Somoza.

The Nicaraguan. President Somoza, 58, is heavy-set, a man of much wit and personal charm. He loves gadgets, keeps his office and den cluttered with them, including two juke boxes and other contraptions for diversion. But outside his door there are two machine guns. And they are there for business purposes.

Mr. Somoza grew up on his father's coffee plantation, attended schools and colleges in Nicaragua and in Spain, and then journeyed to Philadelphia to learn bookkeeping and business administration. For several years, he worked as a bookkeeper for a Philadelphia automobile agency.

Back in Nicaragua, Mr. Somoza made a not-too-prosperous living selling automobiles, promoting boxing and football contests, serving as a sanitary inspector and getting occasional jobs as an accountant. Meanwhile, he threw himself into politics, into the cabals and conspiracies that coincided with the American occupation of Nicaragua.

His influence constantly grew. He reached an important post as secretary to the commander of the Army, and it was thought wise to put a curb upon him by appointing him Minister to Costa Rica. But, soon afterward, he became Foreign Minister, and, when the U.S. Marines left in 1932, he was made director of the Army, with U.S. backing. In that post, he became and remains Nicaragua's strong man.

General Somoza placed a supporter in the Presidency in 1936, but the supposed puppet refused to take orders. So, in 1937, Mr. Somoza took over the job him-

(Continued on page 81)

A Manufacturer ran this ad:

WANTED
300
EMPLOYEES.
not presently engaged in industry, to work in South Carolina plant.

In 48 hours this was the result

3500 replies
90% high school graduates
23% with college education

PROOF of South Carolina's plentiful supply of Industrial Manpower!

A new firm in South Carolina placed a small classified advertisement for employees. Within 48 hours, there were 3500 applications, 90% of them from people of high school graduate level and above. This is an actual case history—a typical South Carolina story of available manpower.

Manpower in South Carolina is plentiful; it is intelligent and highly adaptable; and it is a continual supply. In South Carolina, for every 100 men who die or retire on the farm aged 65, there are 215 boys aged 27 and up to replace them*... the third highest rate of replacement in the country.

This is only part of the manpower story that has made it profitable for hundreds of diversified industries to locate in South Carolina.

For full information on the many advantages South Carolina offers you and your industry, telephone LD 94, or write:

State Development Board
Dept. US-1
Columbia, South Carolina

**Study by Clemson College*

SITE ANALYSIS
SITE ACQUISITION
SITE INSPECTION
CONTINUING ASSISTANCE

South Carolina
STATE DEVELOPMENT BOARD

. . . Higher living standards credited to Mr. Somoza

self, held it until 1947, then placed another supporter in office and took the post back again in 1950. In or out of office, General Somoza retained control of the Army.

Meanwhile, Mr. Somoza has grown wealthy. He freely concedes that he owns 8 per cent of the country's arable land and is interested in many profitable business ventures. As President, his friends point out, he has modernized schools, health services and transportation, made a start on raising living standards. He denies he is a dictator, claims that elections are free and likens his regime to that of a U. S. political organization.

—Hesse in the St. Louis Globe-Democrat

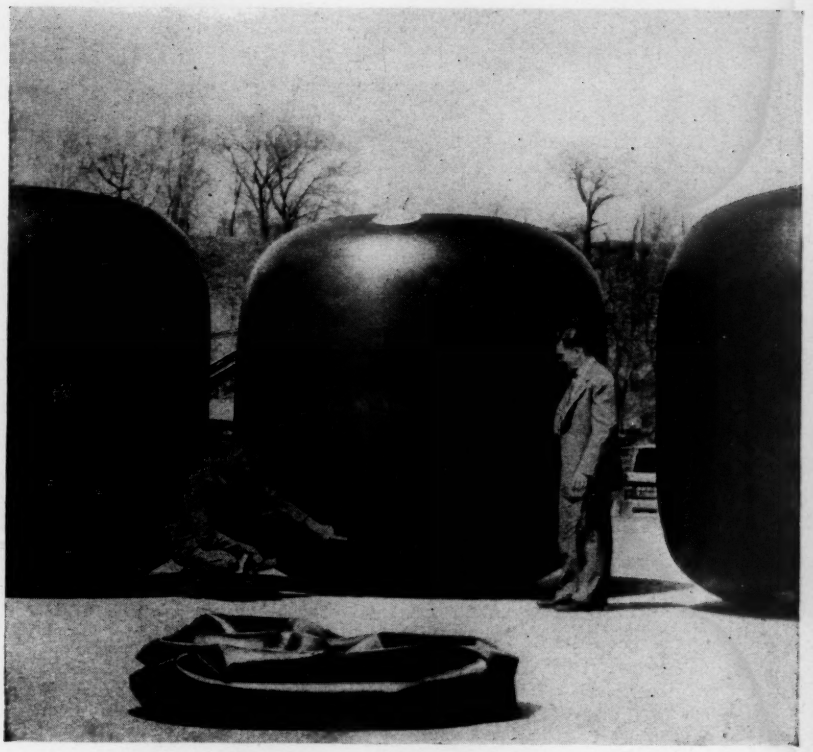
"FIRE COULD GET SERIOUS"
. . . or go on smouldering

But many think the machine guns at his door speak more eloquently.

Job Security? Obviously, however, Mr. Somoza does not like the idea of having democracy at work just across the border in Costa Rica. In the end, the comparison could cost him his job. Hence the effort of 1948 to place a Somoza follower in the Presidency of Costa Rica.

Hence, too, the six years of "cold war" between the two countries, the running battle of epithets between the two men, the mutual charges of attempted assassination that finally have erupted into shooting.

Even after shooting has stopped, most experts on the area foresee only one future: Tensions, and occasional war alarms probably will continue as long as these two men of opposite viewpoints and ideas continue as the leaders of two adjoining countries.



Neoprene adds extra life to new collapsible shipping "drums"

They look like peas from some giant pod, but there the resemblance ends. They're the newest method for shipping powdery or granular materials—rubber shipping containers. They offer low-cost bulk shipment and storage plus simplified handling, and are easily collapsed for return trips. Built like a tire with multiple plies of rubber and fabric, the drums have an outer cover and inner lining of neoprene, Du Pont's chemical rubber.

Selection of neoprene gave the manufacturer two important sales points: versatility and long service life. The sturdy neoprene lining can handle most materials, even chemically active compounds such as lime. And the tough neoprene cover resists the abrasion, weathering, oil and grease a shipping container encounters.

Neoprene earns its way in industry by outperforming other resilient materials on the toughest jobs. To you, neoprene offers reduced maintenance costs if you use rubber products in your plant—more sales appeal if you use rubber parts in your product. Our new booklet gives dollars-and-cents examples that show how neoprene made the big difference in many industries. Just clip the coupon for your copy.

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. . . THROUGH CHEMISTRY

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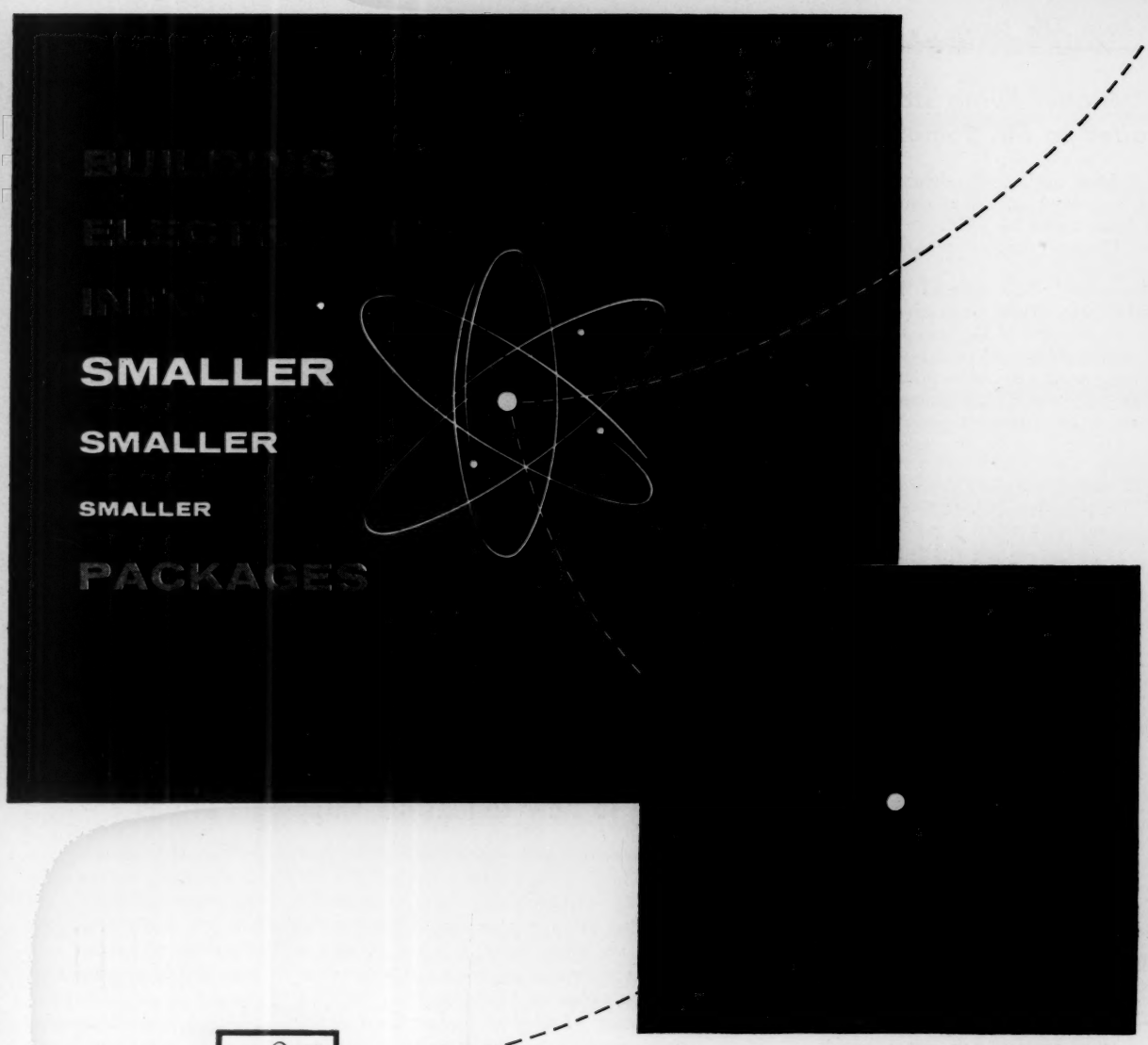


Through *miniaturization*, Crosley is solving problems of weight and size reduction of vital military equipments and systems—increasing performance and reliability.

Typically, Crosley's modified Glide Slope-Localizer Receiver—now 40% lighter and 24% smaller—requires less power, provides greater flexibility, easier installation and maintenance.

And Crosley's advanced techniques in miniaturization find equal application wherever weight and size must be held to a minimum. Why not let Crosley *reliability* do the job *right* for you?

For Procurement Agencies and other defense contractors: an illustrated brochure describing Crosley's complete facilities. Write for your copy today, on your business letterhead.

CROSLEY GOVERNMENT PRODUCTS DIVISION AVCO MANUFACTURING CORPORATION

CINCINNATI 15, OHIO

Trend of American Business®

24th and N Streets, N.W.
Washington, D. C.

Business upturn is taking solid hold. There's no doubt about that.

People are in a spending mood. Sales at retail stores continue strong after the greatest Christmas season on record.

Department stores chalked up a 13 per cent gain over a year ago during the first week in January. That's the report of the Federal Reserve Board.

Output of industry is running ahead of a year ago. Definite figures are not in yet, but activity in autos, construction, steel signals the trend.

It's quite clear by now that the business recession that began in mid-1953 ended last autumn and that activity is on the upgrade all along the line.

Equally significant is the fact that businessmen are quite optimistic and are acting on that optimism in making sales and production schedules. That is a sharp contrast to the cautious attitude of a year ago.

For a quick appraisal of prospects ahead, look at these trends:

Dry-goods merchants expect sales to run ahead of last year at least through the next six months, if not longer.

Furniture market held annually in Chicago produced a lot of buyers this year. A year ago shoppers were plentiful, buyers rather few.

Tractor output is to be increased at the Louisville, Ky., plant of the International Harvester Company. Shutdowns were common a year ago.

Cotton-textile producers report the biggest backlog in two years.

These are just samples of the generally prevailing optimism.

Outstanding sign of strength comes from the building industry.

Building contracts are outstripping all past records.

Contracts for heavy construction--big projects--ran 85 per cent above last year during the first two weeks in January. That comes from "Engineering News-Record," a journal for the industry.

More contracts are being awarded in nearly every line of building--mass housing, industrial plants, commercial structures, State and municipal projects.

This report follows one from F. W. Dodge Corporation, construction-news specialists, that December contract awards in 37 States east of the Rocky Mountains ran 41 per cent ahead of December, 1953.

This is evidence of future activity in building. Contracts indicate the actual work on construction that is to take place in weeks and months ahead. Building activity, meanwhile, is itself running at a record rate for the season.

Boom in building obviously is to continue for quite a while.

Free-spending attitude of people is shown by December sales figures.

Retail sales last month hit 18 billion dollars. Commerce Department

(over)

notes that this volume was 9 per cent above December, 1953, and a 6 per cent gain over November. It was also an all-time record for the month.

Sales gains were most marked for the month by auto dealers, operators of filling stations, clothing stores, department stores, food stores.

Sales upsurge for December also brought total sales for 1954 to a new record of nearly 171 billion dollars, just a shade above 1953 volume.

Largest gains for the year were made by filling stations and drugstores, followed by food stores. Modest gains were made by restaurants and bars.

Close to the 1953 total were sales of department stores and mail-order houses, clothing stores, furniture and appliance stores.

Auto dealers suffered a 5 per cent decline for the year, while lumber and building-material sales dropped 4 per cent.

Chief significance of 1954 sales figures is that there was no recession during the year from consumers. The dip in activity stemmed from cuts made in Federal Government spending and from inventory reductions by business.

Now the inventory recession is ended. Latest figures indicate this.

Total business inventories stood at 78.7 billion dollars at the end of November, down 3.6 billion dollars from a year earlier.

Inventory gains were made in November over October, after seasonal adjustment, chiefly because auto dealers added to their stocks.

Level of inventories of manufacturers, wholesalers, other retailers besides auto dealers, showed little change in November, considering the season.

The figures thus indicate that inventory cutting stopped in November. There is some evidence now that inventory buying is being resumed.

General Motors and Ford, leaders in the auto industry, are receiving a vigorous challenge from their competitors.

Production schedules reported by Ward's Automotive Reports show Chrysler and the so-called independents reaching for a bigger share of the market.

Chrysler schedules call for 21.9 per cent of total production during the first three months of the year. Last year, Chrysler output was 13.2 per cent.

Independents are scheduling 6 per cent of total production for the first quarter. Last year, they produced only 4.1 per cent.

General Motors programing calls for 45.8 per cent of the total, against 52.1 per cent for 1954. Ford is down to 26.3 per cent for the quarter, against last year's record of 30.6 per cent.

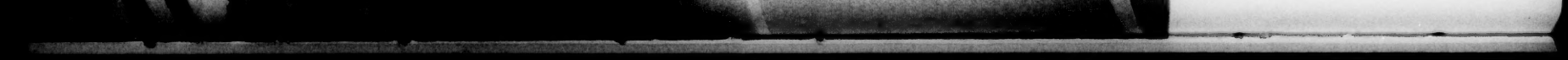
It remains to be seen whether this challenge will succeed.

Auto production, in any event, promises to hit record levels during the January-March period. Schedules call for 1,983,100 cars. The previous record for a quarter was July-September, 1950, with 1,898,783 cars.

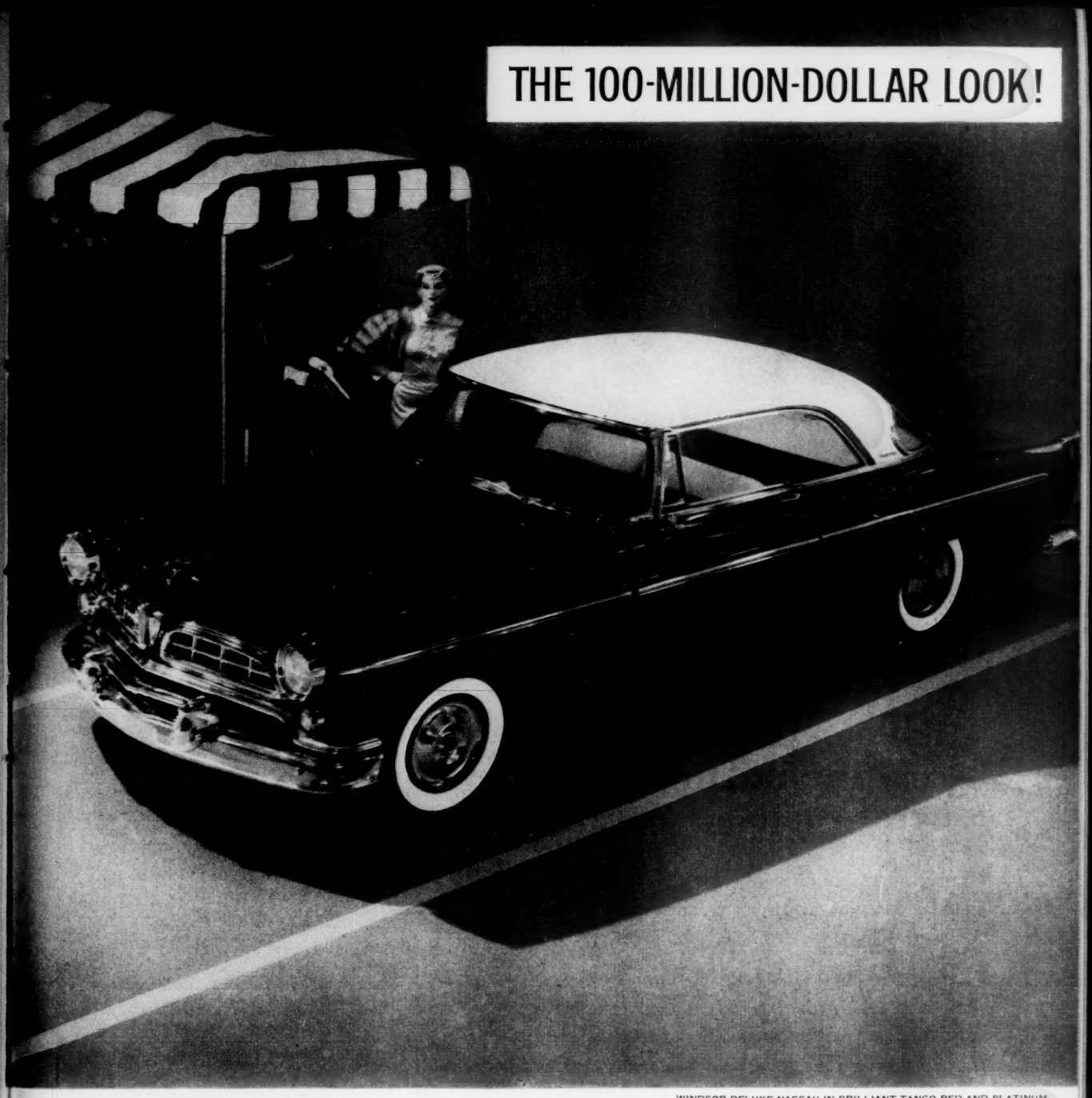
Employment, though rising, doesn't yet fully reflect the business upturn.

Total number of jobholders in commerce and industry rose 602,000 in December, mostly in retail stores and in the Post Office.

Factory employment was 663,000 below a year ago, even though output ran a bit ahead. The average work week, however, was lengthened to 40.5 hours, longest since August, 1953. That's typical of early stages of upturn.



THE 100-MILLION-DOLLAR LOOK!



WINDSOR DELUXE NASSAU IN BRILLIANT TANGO RED AND PLATINUM

It's a totally new fashion in Tailored Steel

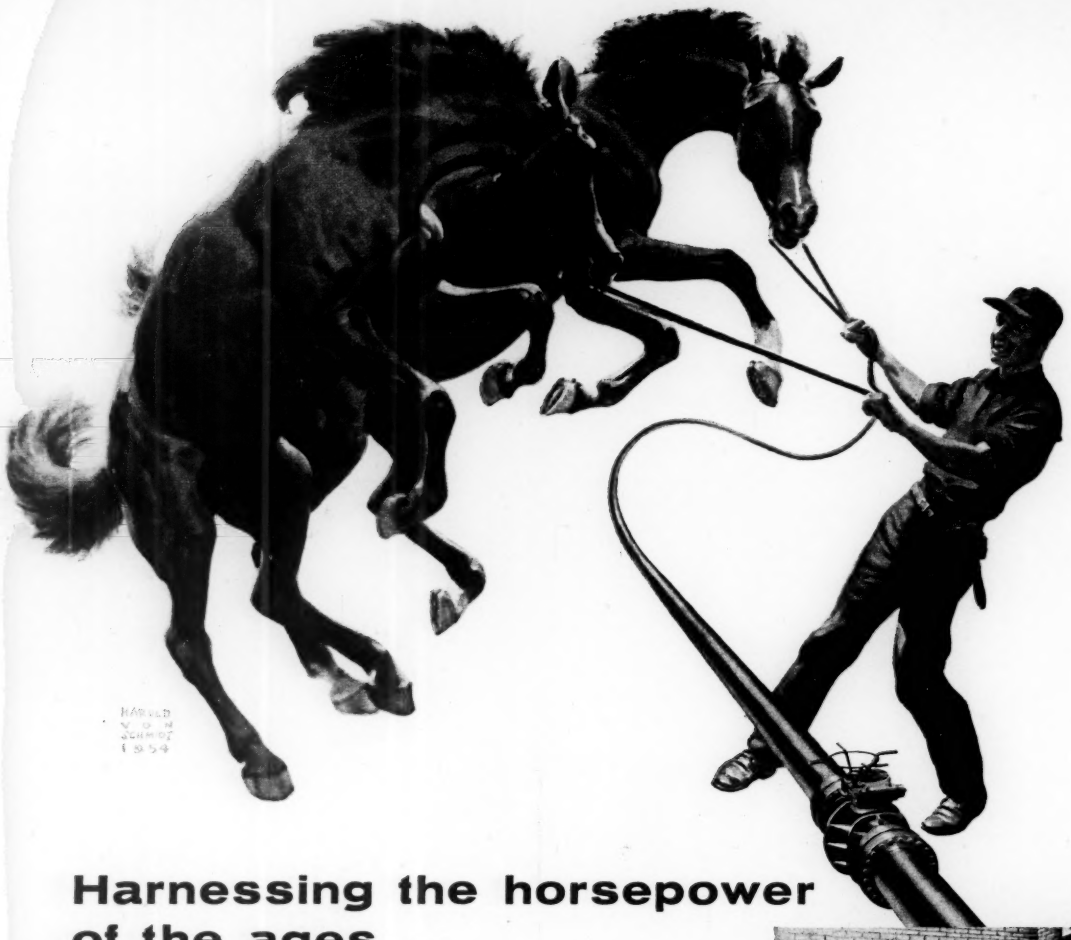
Now you see what all the excitement's about! Now you see the *newest* new car in this generation – Chrysler for 1955 with its dramatically sweeping silhouette in tailored steel.

New longer, lower, leaner lines . . . luxurious new fashion-forecast interiors . . . new SuperScenic Windshield with swept-back posts . . . new divided grille . . . new Twin-Tower tail lights . . . new PowerFlite Range-Selector on the dash panel . . . new *everything* inside, new *everything* outside!

MORE NEWS: Every Chrysler is now a V-8 with engines up to 250 hp. *Plus* PowerFlite, most automatic of all no-clutch transmissions . . . Full-Time Coaxial Power Steering . . . Power Brakes . . . Power Seats. And new tubeless tires!

See your Chrysler dealer as soon as you can and see why now, more than ever, the power of leadership is yours in a Chrysler. You will feel a new personal power and personal pride that the ordinary motorist cannot even imagine!

AMERICA'S MOST SMARTLY DIFFERENT CAR . . . **CHRYSLER** FOR **1955**

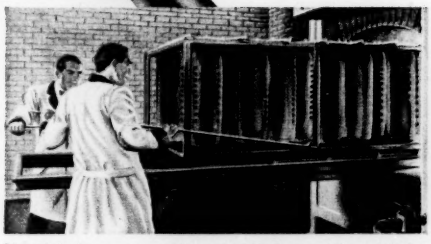


Harnessing the horsepower of the ages...

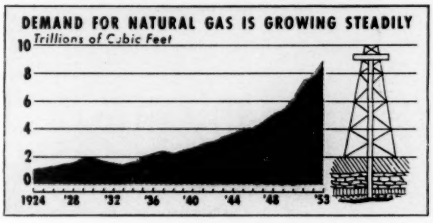
Nature made it millions of years ago. America uses it today. Natural gas! Hotter, cleaner, more efficient . . . the world's finest fuel for homes and industry.

The use of natural gas has doubled in ten years. Tennessee Gas, America's longest pipeline, plays a major part in meeting the rapidly increasing demand. Free from storms and traffic delays, this 2200-mile underground steel highway transports a billion and a half cubic feet of gas a day!

Brings a whole new world of heat, energy and power to people and industries that never knew it before.



Plentiful, low cost, easily controlled, natural gas today plays a larger role in more and more industries. Pictured above—its use in processing jet engine parts.

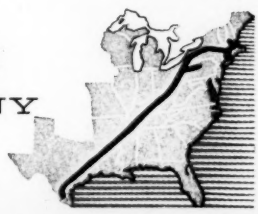


TENNESSEE GAS

TRANSMISSION COMPANY

HOUSTON, TEXAS

AMERICA'S LEADING TRANSPORTER OF NATURAL GAS



Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

COAST TO COAST ON FOUR-LANE HIGHWAYS

The Government's new plan for road building brings an old dream much closer to fulfillment.

Superhighways from coast to coast and border to border have been suggested before but never as an official move. Now Congress is to be asked to make possible a fully modern network throughout the land.

Within 10 years, if the new federal highway plan is put through, here is what you will be able to do:

- Drive from the Atlantic Coast to the Pacific Coast on four-lane highways almost all the way.
- Drive from the Gulf Coast or the Mexican border to Canada on four-lane highways almost all the way.

No longer will you be held up by slow-moving traffic, as you wait for a chance to pass. No longer will cities and towns reduce your progress to a crawl.

At almost every major city and town you will find expressways or bypasses to eliminate delays. Out in open country, intersections will be few.

This plan is more than just a dream. True, its beginnings are traced by some to a dream of President Franklin D. Roosevelt. At one point, in depression years, he thought that building coast-to-coast superhighways would be an ideal way to put men to work, to "prime the pump." But the idea then never got beyond a few lines penciled on a map; it never became official.

This time the plan, vaster by far than the one President Roosevelt pondered, is an official document, from which the map on this page is taken. The plan has been proposed to President Eisenhower by an advisory committee set up to consider what the nation should do about road building in the period 1955-64, inclusive. The President is soon to make recommendations to Congress.

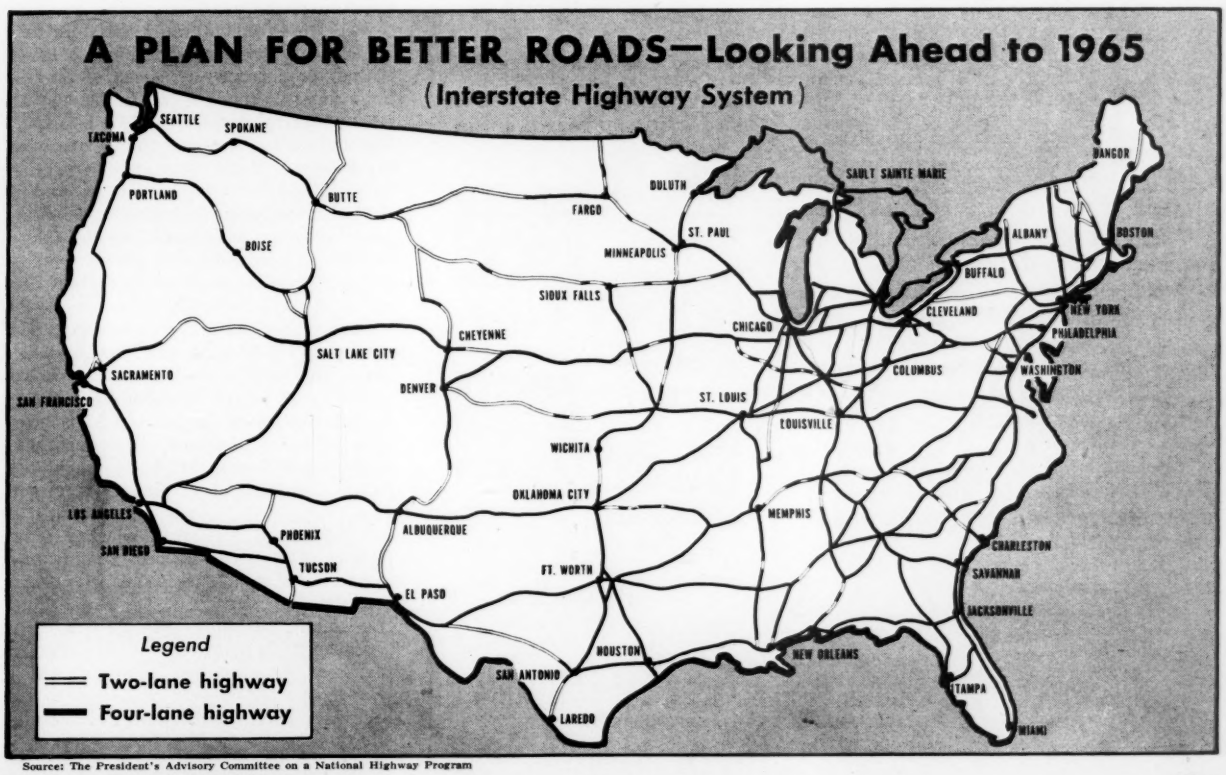
The committee stresses the National System of Interstate Highways, so designated by Congress in 1944. About 37,600 miles of main U. S. routes are in this system now, with another 2,400 miles to be added in the future.

These are the roads shown on the map. The plan is to modernize them completely to take care of 23 million more vehicles than are now on the roads—and do it without crowding.

Wider roads. Main highways are to be wider in most cases, divided by parkway strips, and without traffic lights.

From the East Coast, you will be able, if the plan is carried out, to start from Bangor, Boston, New York, Atlantic City, Norfolk or Charleston and drive to Los Angeles, San Francisco or Portland, Oreg., without hitting more than a few relatively short stretches of two-lane roads.

(Continued on page 88)



Source: The President's Advisory Committee on a National Highway Program

The pre-eminence of Pennsylvania in coals, metals, minerals, textiles, foods, and oil production, electric power and water resources, is matched only by its industrial diversification, transportation facilities, and productive skilled manpower. It is the center of the greatest, most easily accessible market in the world, with almost limitless wealth. "Plant" your Company in Pennsylvania... reap benefits which no other location can offer. Before making a decision on your new plant site, it will pay you to discuss Pennsylvania's favorable tax climate with us.

UNEQUALED TRANSPORTATION

GREAT RESOURCES OF MANPOWER

BIG MARKETS EASILY REACHED

PLENTY OF POWER AND WATER

BEST OF LIVING CONDITIONS

Write in confidence for further information . . .
DEPARTMENT OF COMMERCE
COMMONWEALTH OF PENNSYLVANIA
STATE CAPITOL (B-4), HARRISBURG, PA.

Too many roadside stands? Routes to be relocated . . .

One major route across the country is to be more or less along the present U. S. routes 20, 6, 30 and 40 by way of Albany, Cleveland, Chicago, Des Moines, Salt Lake City and Reno. This would be four lanes or wider, except for short stretches in Iowa and east of Cheyenne and a longer drive through Nevada.

Another transcontinental superhighway is indicated by way of U. S. 40 and 66 through Indianapolis, Oklahoma City, Albuquerque and San Bernardino. From Norfolk you head into this route on U. S. 60 and 50 by way of Louisville and St. Louis. From Charleston, you take U. S. 176, 70 and 64 by way of Nashville and Little Rock.

For north-south travel there are to be five routes consisting almost entirely of four-lane highways. One would run from the Mexican border at Tijuana through San Francisco to Bellingham, Wash., just south of the Canadian border. Another is planned from Galveston to Duluth; this would have the most two-lane stretches.

There would be four lanes almost all the way from New Orleans to Sault Ste. Marie, from Mobile to Niagara Falls, and from Miami to the border north of Bangor, Me.

Six and eight lanes would be the rule at all major cities.

The whole 40,000-mile interstate network is to be modernized almost entirely with federal funds, at a cost of 25 billion dollars. About 7,000 miles, or 18 per cent of the total, would be two-lane, mainly in the less populated areas of the West.

Nearly 32,000 miles, or 79 per cent of the main network, is planned as four-lane highway, with traffic divided by a center strip in most cases. The remaining 1,200 miles, or 3 per cent, is to be six or eight lanes wide.

Less cross traffic. At many spots, the new routes will leave the present roadbeds. This will be done to find shortcuts and to avoid stretches that have many intersections and lots of roadside business. "Control of access," to reduce conflicting traffic movements, is one of the points emphasized in the Government plan.

This feature will mean headaches for owners of gas stations, restaurants and motels now lining some of the chief interstate arteries.

Federal planners say about this aspect of their plan: "One of its principal features is provision for adequate right of way to permit control of access to the highway itself. Otherwise, experience shows that the facility becomes prema-

. . . 30,000 miles and more without any toll charges

turely obsolete due to developments crowding against the roadway which made it unfit for the purposes for which it was designed.

The report adds: "On a considerable portion of the interstate network, especially in urban and suburban areas, it will be more economical to relocate than to acquire the additional land necessary to permit control of access." In other words, a new roadway, along a slightly different route, is to be substituted for the present one for handling through traffic at the busy places.

Danger of political favoritism and monopolies, growing out of the awarding of rights to open up new business along the superhighways, is giving the Government some worry. Complaints are coming in already about the way concessions now are handled on some toll roads. Motorists complain about high prices charged by the few operators permitted to sell gas, meals and lodging.

Another device to speed traffic will be frequent use of underpasses and cloverleaf turns to eliminate cross traffic and need for traffic lights. Local traffic, in congested areas, is to be handled on parallel roads.

Tolls to pay? Most of the new superhighway system will be open to the motorist without extra charge. According to plans, there will be no tolls on more than 31,000 miles of the 40,000-mile network.

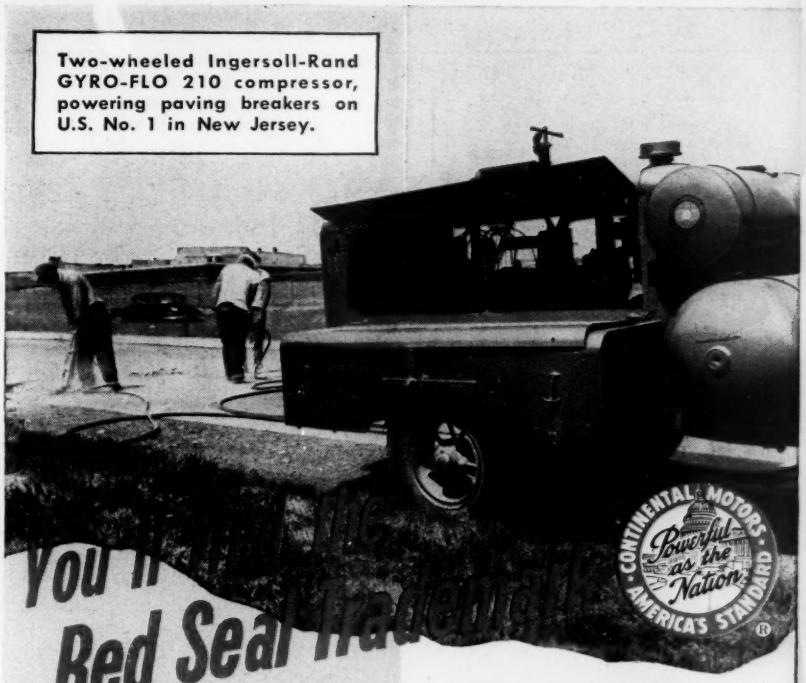
Tolls will be charged on about 2,300 miles and maybe on another 6,200 miles. Thus, toll roads could account for 8,500 miles at most, little more than 20 per cent of the total.

All this improvement in the interstate system of 40,000 miles can be made without raising federal taxes, but through more federal borrowing, according to the President's advisers.

The amount of improvement that will be found on State roads and city streets, a total of 3.3 million miles, is less certain, for most of this job is to be left to the States and local governments. Apparently they are counted on to raise taxes or find other revenue for about 31 billion dollars—3 billion a year—more than they now have in sight. That is the increased spending considered necessary, on the basis of a survey of State and local officials.

Chances are your greatest relief from driving headaches will come on your long trips for vacations or business. Ending jams in local traffic, providing parking spaces, and paving farm roads are likely to go ahead less rapidly and thoroughly.

Two-wheeled Ingersoll-Rand GYRO-FLO 210 compressor, powering paving breakers on U.S. No. 1 in New Jersey.



You'll like the Red Seal trademark

. . . EMBLEM OF DEPENDABILITY . . .

INDUSTRIAL GASOLINE ENGINES

Model	Cyl.	Bore	Stroke	Displ.	Bare Engine H.P.
N56	4	2¼	3½	56	14.2 @ 2200 RPM
N62	4	2⅜	3½	62	15 @ 2200 RPM
Y69	4	2½	3½	69	21.4 @ 2400 RPM
Y91	4	2⅞	3½	91	28.5 @ 2400 RPM
Y112	4	3 3/16	3½	112	32 @ 2400 RPM
F124	4	3	4⅜	124	36 @ 2400 RPM
F140	4	3 3/16	4⅜	140	42 @ 2400 RPM
F162	4	3 7/16	4⅜	162	49 @ 2400 RPM
F186	6	3	4⅜	186	60.5 @ 2400 RPM
*E201	4	3⅝	4⅜	201	59 @ 2000 RPM
F209	6	3 3/16	4⅜	209	68 @ 2400 RPM
F226	6	3 5/16	4⅜	226	73 @ 2400 RPM
F244	6	3 7/16	4⅜	244	79 @ 2400 RPM
M271	6	3⅝	4⅜	271	86.2 @ 2400 RPM
M290	6	3¾	4⅜	290	92.2 @ 2400 RPM
M330	6	4	4⅜	330	104.4 @ 2400 RPM
M363	6	4	4 13/16	363	109 @ 2000 RPM
B371	6	4⅛	4⅝	371	110 @ 2400 RPM
B427	6	4 5/16	4⅞	427	127 @ 2400 RPM
G134	4	3⅛	4⅜	134	32.2 @ 2000 RPM
G157	4	3⅜	4⅜	157	37.7 @ 2000 RPM
H227	4	3⅝	5½	227	52 @ 1800 RPM
H243	4	3¾	5½	243	56 @ 1800 RPM
*H260	4	3⅞	5½	260	60 @ 1800 RPM
T371	6	4⅛	4⅝	371	119 @ 2400 RPM
*J382	4	4½	6	382	74.2 @ 1400 RPM
T427	6	4 5/16	4⅞	427	140 @ 2400 RPM
U501	6	4½	5¼	501	160 @ 2400 RPM
R513	6	4½	5⅜	513	164.3 @ 2400 RPM
R572	6	4¾	5⅜	572	182.4 @ 2400 RPM
R602	6	4⅞	5⅜	602	191.7 @ 2400 RPM
S749	6	5⅜	5½	749	217 @ 2200 RPM
S820	6	5⅝	5½	820	237 @ 2200 RPM

INDUSTRIAL DIESEL ENGINES

Model	Cyl.	Bore	Stroke	Displ.	Bare Engine H.P.
GD157	4	3⅜	4⅜	157	39 @ 2000 RPM
*ED201	4	3⅝	4⅜	201	45.8 @ 2000 RPM
HD243	4	3¾	5½	243	54.7 @ 2000 RPM
*HD260	4	3⅞	5½	260	59.3 @ 2000 RPM
*JD382	4	4½	6	382	72.5 @ 1600 RPM
TD427	6	4 5/16	4⅞	427	106.5 @ 2000 RPM
RD572	6	4¾	5⅜	572	142.5 @ 2000 RPM
SD802	6	5 5/16	5½	802	202 @ 1800 RPM

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U.S. SPOKESMAN BLASTS RED CHINA

U. S. has officially ruled out any deal admitting Red China into the United Nations.

The decision was expressed in a speech by Walter S. Robertson, Assistant Secretary of State, who denounced the Chinese Reds as gangsters, even before U. N. Secretary General Dag Hammarskjold reported on his mission to Peiping.

Shortly after State Secretary Dulles received confidential messages on what actually took place in Peiping came Mr. Robertson's speech. Below are pertinent excerpts.

Following are two excerpts from an address by Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs, made Jan. 13, 1955, at Philadelphia:

I AM OFTEN ASKED why the U. S. Government is firmly opposed to recognition of the Chinese Communists and giving them a seat in the United Nations. We are confronted in Peiping with an arrogant, contemptuous regime of hard-core international Communists who have played a gangster role in their relations with us and other countries, the latest example being their sentencing, as spies, United Nations prisoners of war held in flagrant violation of the Korean Armistice.

They have thrown our citizens into jail without trial, they have tortured and brain washed our prisoners of war, they have blackmailed our businessmen, they have confiscated our properties. They respect no law divine, international or domestic, unless it suits their purposes to do so. They speak not for the great Chinese people and nation but for international Communism.

These defiant impostors in Peiping come no closer to representing the true interests and aspirations of their country than do William Z. Foster and his cohorts in this country, or Palmiro Togliatti in Italy, or Maurice Thorez in France. They are all part and parcel of the apparatus of the international Communist conspiracy. Their objectives are the antithesis of the principles which constitute the foundation of the United Nations Charter. They are dedicated to the destruction of everything the United Nations stands for.

The regime stands convicted by the United Nations of the crime of aggression. It has not expiated that crime, nor its crimes against countless innocent victims of Communist malevolence. Its admission to the United Nations would undermine the real Chinese Government, now based on Formosa, which is the one remaining hope of millions of Chinese on the mainland and scattered about the world who despise Communism and refuse to accept as permanent the Communist enslavement of their country.

Our Government is opposed to any action which would strengthen the international prestige of Chinese Communism, or its capability for advancing its design for further conquests in collusion with Soviet Communism. We should do nothing which would betray the hopes of the Chinese with the will to resist Communist domination. Our recognition of Communist China and acquiescence in giving this contemptuous aggressor against the peace of the world a seat in an organization dedicated to maintaining the peace of the world would in our considered view have calamitous effects upon the United Nations itself and on the cause of freedom everywhere.

There is a proverb of old China that I might mention in closing. It is in the form of a question and answer. "What is the cure for muddy water?" the question goes. "Time," is the answer.

Time is on our side, as it always is on the side of the true and the free. In the long roll call of history, Nazism and fascism will be episodes only, dark incidents if you will. So, too, will Communism be, although the most evil and pervasive of the three. Man was not made for, nor will he permanently endure, the cruel enslavement imposed by the ruthless bloody regimes of international Communism. But his liberation will be immeasurably hastened provided we keep our heads clear and our courage strong, provided we make our working partnership with the other free nations a growing reality.

° ° °

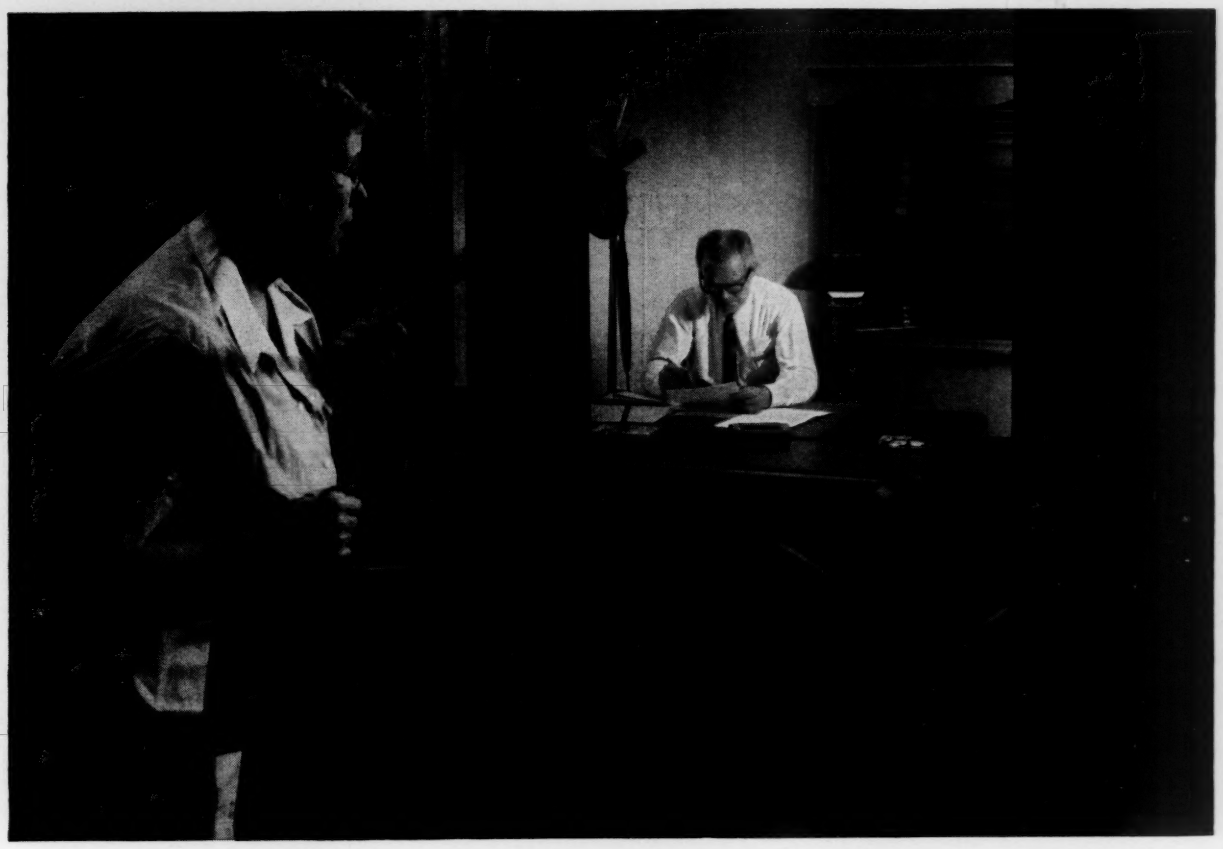
THE CONCEPT that the economic difficulties of free nations in Asia can be substantially alleviated by expanding trade with Communist China is, in my opinion, erroneous. The economy of mainland China is rigidly controlled by the Chinese Communist regime, and the foreign trade of Communist China is systematically regulated by the regime in terms of its political objectives and its five-year economic-development plan. No export or import trade is licensed which, in the estimation of the Communist masters of mainland China, would not serve their aggressive purposes, directly or indirectly.

The Chinese Communist interest in trade expansion is limited principally to items of industrial and military importance. The regime is committed to a program of industrial expansion designed to increase its war-making potential. It must import from the free world in order to realize its goals. In order to pay for its imports it must export.

The measure of the ruthlessness with which the Chinese Communists pursue their program is seen in the fact that exports of foodstuffs from mainland China have continued undiminished despite the catastrophic flood of last summer, which inundated an estimated 10 per cent of the farm land of mainland China. The specter of starvation of additional thousands of flood victims did not for one moment deter the Communists from the exportation of food in exchange for essential items of war supplies, industrial machinery and strategic materials such as rubber.

The Communists employ food as a weapon of war. It matters not how many of its 600 millions starve. Even the Communist Army has had to be put on food rations. To carry out its objectives, the regime must build up its economic structure and war machine. The importation of "non-essential" consumer goods has no place in the Chinese Communist scheme of things. No benefit not fraught with the greatest danger could be derived by the free-world countries from a large expansion of their trade with Communist China.

No, unrestricted trade with Communist China is not the answer. The answer lies in closer co-operation among the free countries from a platform of mutual security. Such a platform was constructed at Manila and it is small wonder that while it was being built the Chinese Communists resorted to every device of propaganda to intimidate and divide the free nations who would oppose them.



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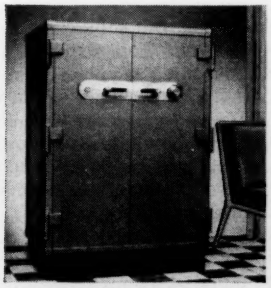
Sounds logical. But it's based on dangerous assumptions, not these facts! A fireproof building will wall-in a fire, make it hotter. An old safe, or any safe without the Underwriters' label will very likely *incinerate* your records. And you won't collect that fire insurance fully, unless you provide "proof-of-loss within 60 days", practically *impossible* without records. Don't take such a risk! 43 out of 100 firms that lose their records in a fire never reopen! If your safe is old, or doesn't bear the Underwriters' label, or carries a lower rating than your risk calls for—replace it! Get the safe that has *never failed*, the famous Mosler "A" Label Safe. Look below. See why it's the world's best protection. Then look up *Mosler* in the phone book . . . or mail coupon for free FIRE "DANGER*ater*."



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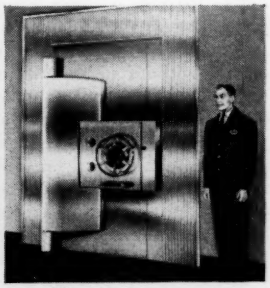

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A MISSION THAT FAILED?

Hammarskjold Brings No Assurance Chinese Reds Will Free U. S. Fliers

The United Nations sent Secretary General Dag Hammarskjold half way around the world to negotiate with the Chinese Communists over the 11 American airmen they hold as "spies."

When Mr. Hammarskjold got to Peiping, what did he find? Much more than the plight of the captive Americans is involved in his talks with Red China's Foreign Minister, Chou En-lai. Are the Communists after a deal with the U. S.? Can the U. N. and Chou En-lai come to terms that will free the Americans without U. S. intervention? What is China's price?

Here are Mr. Hammarskjold's answers.

Following is full text of the transcript of the press conference held in New York, Jan. 14, 1955, by Dag Hammarskjold, Secretary General of the United Nations:

Mr. Hammarskjold: Well, first of all, I am glad to see you all again. It was kind of you to applaud. There is no reason for such applause. If I have done what I hope I have done, that is about what I should do.

You know that in this story there has been less publicity than in most international affairs of the first order. For example, you saw that all the communiques from Peiping were rather short, rather factual. I would like to say that that was my suggestion, that the publicity be handled in that way, and I take the full responsibility for this kind of curtain around our talks.

The reason is a simple one. You know that I am, and we certainly all are, in favor of what is called open diplomacy. However, I guess that without digging too far back into our memories, we can all find good examples when immature or premature open diplomacy has wrecked a case.

After all, open diplomacy is a must in a democratic world, but on the other hand open diplomacy, or the false kind of publicity at the wrong stage, prematurely, has often frozen positions in a way which has rendered the solution much more difficult.

That, and only that, is the reason why I, myself, have stuck to very restrained and cautious attitudes and policies indeed. I feel that nobody is served, no interest is served if we were to have the so-called full light of publicity on these talks, on this affair, at a stage where the light might render a solution more difficult because it might tend to freeze positions.

I trust that in the light of your own experiences you can see that this is not any imagined danger. It is very real, and there are very many examples in modern history.

So much in explanation of the policy which I wanted to explain to you, because it means a departure from what I consider to be a sound principle. With that background, I would like, first of all, to read to you a statement which really brings out what I myself feel I would like to say on the main political issue.

As you will remember, the General Assembly requested the Secretary General to seek the release of the 11 fliers and other United Nations command personnel and make "continuing and unremitting efforts" to this end.

As a first step in my own approach to this question, I made the decision to go to Pieping. As I saw the situation it was essential to establish such a contact in order to place before Mr. Chou En-lai the full and complete case for the release of the convicted men. This I have done. I have also listened to his viewpoint. There was need to exchange information in this way so that the facts might be brought out clearly and possible misunderstandings might be straightened out. I may say that our discussions were very thorough and that the visit to Peking has achieved what I was aiming at in this first step.

Mr. Chou En-lai also gave me his views on other questions pertinent to present international tensions. This part of our conversations was, however, entirely apart from the question of the prisoners. No deals of any kind, nor any link between these other questions and the prisoner question, were suggested by either side.

As you know from the communique, Mr. Chou En-lai and I hope to be able to continue our contacts. I cannot tell you at this time what the next steps will be. But I do feel, as I said last night, that the door has been opened and can be kept open, given restraint on all sides.

Well, after the first introductory observations, careful to explain my attitude as to the publicity on this question, and after reading to you this statement, I would invite you to ask me questions, and I hope that you will take into account the limits I have to impose on myself.

Q: Mr. Secretary General, I don't want to ask a question. I want only to take this opportunity, which we had not before, to wish you, in the name of the correspondents, a happy new year, and to tell you how glad we are to have you back with us. Thank you.

Mr. Hammarskjold: Thank you.

Q: You just said you hoped to continue these contacts. Will it be at Peiping or here at the United Nations headquarters?

Mr. Hammarskjold: I don't see any reason, or even any possibility for me to go back to Peiping, but contacts can be, as you know, maintained between two capitals, and two places, without necessarily anybody going anyplace.

Q: Could you tell us what Mr. Chou's reaction was to the General Assembly's resolution when you presented it to him?

Mr. Hammarskjold: I think that Mr. Chou's reaction to the General Assembly resolution has been made clear in the comments he cabled to the United Nations in December, which were circulated as a special document.

Q: Was there a general understanding on the number of prisoners, United Nations prisoners, held by the Chinese?

Mr. Hammarskjold: The question is not exhausted. So, from that point of view, the reply would be "for the time being, no." But it has not been explored in a sense which makes it in any way a definite reply.

Q: You mentioned that the discussions were thorough and then you stated that you achieved "what I was aiming at." I wonder if you would elaborate on achieving "what I was aiming at."

Mr. Hammarskjold: Well, in negotiation, isn't the very first step to make your own attitude and the basis for your own attitude perfectly clear? That is something which is extremely difficult to do by cable or by letters; but you can do it in discussion. That was, of course, the immediate purpose, a step which is necessary if we are to get anywhere. It is the obvious first step.

Q: You just spoke of the fact that there was no deal, no link suggested between you and Mr. Chou En-lai. Could you please tell us whether Mr. Chou En-lai had any kind of proposals which he made during your conversations?

Mr. Hammarskjold: That really depends on what you mean by proposals. If some one of you expresses a strong view, you may consider that a proposal. I would not, in a technical sense of the word—and interpreting now your question in the sense I indicate—I would say that there was no proposal.

Q: You suggested that the door is open and you would like to continue. Can you tell us about any actual arrangement to continue—a time, if not a place?

Mr. Hammarskjold: I would not, for the time being, be specific on that point, because it will depend in very many ways on developments and details, and so on. But there are possibilities, and even needs for continued exchange of information, and so forth. That's one thing.

For that reason I won't outline now in any specific way what may be covered by the word "continued contact." Continued contact just means continued contact. That is to say, we will remain in touch.

Q: Did you at any time see or hear from any of the prisoners involved, or were you shown any exhibits purporting to be confessions or any other documents from them?

Mr. Hammarskjold: Answers in all cases, no.

Q: Since you left Peiping, the radio and press there has emphasized the question of the Chinese students. Is it a fair assumption that the problem of the airmen is most immediately related to the problem of the Chinese students, even though there is no deal involved?

Mr. Hammarskjold: No, I think you are wrong. It is not related. I think that among questions where there is direct interest and feelings on the Chinese side, there is also this question. But you see in this case, as in so many other cases, there are on both sides all sorts of questions, all sorts of worries, concerns. They are not linked up. They are part, so to say, of a general picture.

Now, certainly, these reactions you hear over the Peiping radio, the Chinese press, concerning the Chinese students, do reflect reactions and emotions on that side. But they are not linked up with any part of the rest of the story in a specific way. It is just part of their picture of the world, as, on the other hand, the fliers are part of our picture, your picture, of the American world.

They are not directly related any more than the general attitude. The general situation on the one side is generally related to the general situation on the other side.

Q: We had many conflicting reports here as to your mission in Peiping. One group even ran a headline stating that the United Nations had failed. I wonder if you might tell us whether you feel that your exploratory talks could be termed successful.

Mr. Hammarskjold: If you, by successful, mean that I had the fliers back in a plane, you know that they were not successful. If you, by successful, mean that I have achieved what I hoped to achieve, they are successful.

Q: Did Chou En-lai, in the course of your conversations with him, say that there were any other United Nations personnel besides Americans held by the Chinese?

Mr. Hammarskjold: Oh, but that is a known fact, that there are others concerned. There was no specific statement to that effect.

Q: As a result of your visit to Peiping, do you feel that the possibility of direct negotiations between the United States and the People's Republic of China would be a step toward a solution?

Mr. Hammarskjold: I wouldn't venture any guess on that. I have no specific view. My immediate reply would be, with very great hesitation, really. But I am very vague on it.

Q: You said that no deal was involved, which suggests that no conditions were laid down for the release of the airmen. Could you give us any indication of what is holding up the release then?

Mr. Hammarskjold: I think that you needn't ask me that question. You can find out quite easily from what has happened in this case already.

Q: In that case, may I ask why are you hopeful?

Mr. Hammarskjold: It seems to be a kind of Christmas game asking funny questions.

I think that both questions can be replied to quite easily. You very well know, or should know, what has been the history of this case. You should, with that background, easily understand that the change in the situation is something

Eisenhower's Reaction: "Disappointment"

Following is the full text of a statement by President Eisenhower, Jan. 14, 1955:

The Secretary General of the United Nations has returned from his mission to Peiping. He has not yet formally reported but has indicated that his visit represented only a first stage in United Nations negotiations to achieve the release of the American airmen and other United Nations personnel detained in Red China. He [Mr. Hammarskjold] believes that progress has been made and urges that restraint be exercised to permit of further efforts.

Quite naturally, the immediate reaction of all Americans to the Secretary General's announcement is disappointment. All of us are rightly aroused that our airmen have not long since been released by their Communist captors in accordance with the clear terms of the Korean armistice.

We must never forget one fundamental thing: We want our airmen returned safely to their homes.

All Americans are united and dedicated to this cause. Truth and right are on our side. We must have faith in the community of nations and in the tremendous influence of world opinion.

It will not be easy for us to refrain from giving expression to thoughts of reprisal or retaliation. Yet this is what we must not now do. We will not fall into a Communist trap and through impetuous words or deeds endanger the lives of those imprisoned airmen who wear the uniform of our country.

They are fighting men, trained to discipline. We now owe them discipline from ourselves We must support the United Nations in its efforts so long as those efforts hold out any promise of success

which is of some significance, and a thing that is not too easily achieved.

On the other hand, if the situation is one where we can see that possibilities are there to achieve that very matter, it is I think a good basis for the optimism to which Mr. Lodge referred. [Henry Cabot Lodge, Jr., U. S. Representative to the United Nations]

I have not myself said that I was optimistic. I used another expression. I said "a door was open and could remain open with due restraint." I have said that I hope to be able to continue contacts. That is a temperature somewhat lower than the one reflected in the word "optimism."

Q: Perhaps I ascribed to you the remarks Mr. Lodge made, who, in his statement, after conferring with you last night, made the prediction that the prisoners would be released.

Mr. Hammarskjold: He has in his hands the information I am able to give him, and he may draw his conclusions just as I draw mine.

Q: I assume that the release of the prisoners would depend upon the improvements of relations between the United States and China.

Mr. Hammarskjold: I would say that there is a very definite link between the two aspects, in the sense that, of course, all problems of this type are much more easily solved in a less frozen atmosphere than the present one.

Q: Do you think that the problem of releasing the prisoners could be solved through the intermediary of the United Nations, or without direct contact between the interested parties?

Mr. Hammarskjold: It is not really a question of negotiations. It is a question of where the ground is prepared by negotiations—that ground having partly been prepared and partly by negotiations conducted by this or that national government. But the final decisions, I think, will necessarily emerge as unilateral decisions in all those various ticklish cases. They will emerge as unilateral decisions and as part of a general development, more than as the result of any kind of settlement.

When you talk about negotiation in the sense you indicate now, you seem to have in mind this give and take kind of situation, which is a typical one. I have already indicated that this has not been discussed in terms of a deal, nor with any link between different problems.

Q: I meant specifically what I said, through the intermediary of the United Nations without—I am not talking of any links to other problems, but directly, through the function of this United Nations, this problem can be solved without direct contact between the two interested parties.

Mr. Hammarskjold: I think it is perfectly possible.

Q: Might I ask, regarding your remark that the door is now open, did your talks with Mr. Chou give you the impression that on their side they are prepared to keep it open?

Mr. Hammarskjold: I would say definitely yes, if we are.

Q: Did you say "if we are"?

Mr. Hammarskjold: Yes, it is a question of mutual attitude.

Q: If we could leave Peiping for a minute, it has been reported here that you received a cold reception in New Delhi; is that right?

Mr. Hammarskjold: No, it is not right. I think the reception was a very pleasant and nice one.

Q: In that respect, was there any discussion of India as a third nation, as perhaps offering its good offices in this case?

Mr. Hammarskjold: No.

Q: You mentioned earlier that pertinent questions were discussed that have no connection with the prisoner issue. Could you outline those to us, even briefly, or give us some indication of what they were?

Mr. Hammarskjold: I would not, because that would, I think, go against the rules which I uphold here too, you know, that I do not in the course of discussions report on my talks, for example, with delegates, and so on. And for that reason, I would not like to give any specification on it. You can easily guess what kind of general picture there is.

Q: What we know they are, is that right?

Mr. Hammarskjold: Yes.

Q: Would you answer the question in this way? These strong views that Mr. Chou expressed on the general question of world tensions in Asia, were they so expressed, in your appraisal of them as a Secretary General of the United Nations, that a conciliatory reaction to them on the basis of good old-fashioned negotiation would be conducive to a peaceful solution of the Asia problems?

Mr. Hammarskjold: To some extent, yes. In other respects, no.

Q: May I ask—you just said that if the door is kept open from this side as well—do you include there the door to the United Nations being kept open as well?

Mr. Hammarskjold: No; I mean a kind of general attitude. I meant that if we do not, so to say, react prematurely, blasting without going into the matter of this and that point, we will certainly have a response of the same kind.

Q: Could you tell us just a little about this door, and the United Nations, and what came about on that score?

Mr. Hammarskjold: Nothing at all that is of any interest from your point of view, or would in any way confirm your speculation.

Q: Did you have any impression in your trip that the Communist Chinese are afraid that America or Formosa will attack them?

Mr. Hammarskjold: I would say that I think you, as a journalist, know very well that one of the most curious and most upsetting features about the present world situation is that everybody is afraid of everybody.

Q: You say that they are prepared to keep the door open if we are, and you also say that we hope to be able to continue the contact that was established in Peiping. I take it that the Chinese are prepared to continue the contact.

What is the condition then on our side of continuing the contact? What is the problem that makes you express it as a hope rather than as a fact?

Mr. Hammarskjold: Well, I think we are agreed to express it as a hope on both sides. There is no difference in the formulation.

The contact does reflect an attitude, an attitude that is called playing fair on the basis of objective study of facts. It is obvious that that is a rather tender plant when you open talks of this type, and under a blast of strong emotional reactions which, so to say, wreck this basis laid, in one respect or another—to introduce an element of propaganda on either side, the other one would, of course, find it rather difficult to continue.

I mean, for example, after this or that kind of what I consider unjustified criticism of the line we are representing and I have been following—of course, the basis of trust, the minimum of trust necessary for this kind of contact may be seriously harmed. That may happen from this side, too, by the wrong kind of comment or the wrong kind of inference.

Q: After your talk last night with Mr. Lodge, did you have the feeling that the United States also would leave the door open? This is my first question.

The second, have you met Mr. Sobolev? [A. A. Sobolev, Russia's alternate Representative to the United Nations.]

Mr. Hammarskjold: I intend to meet Mr. Sobolev, as I intend to meet all delegations in due time, all the main delegates, of course, in the first instance.

As to the other point, I feel that in our general consideration of the situation, our feeling is that there is a need for

restraint in order to get the proper development—there is no difference of use between Mr. Cabot Lodge and me.

Q: Do you envisage that at any further stage of the contacts the General Assembly, under whose mandate you acted, would or might enter itself into the picture?

Mr. Hammarskjold: I would be surprised if the need for anything such as that arose. Of course, I cannot exclude it, but I wouldn't believe so.

Q: Do you anticipate that your next contact with Peiping will be to convey the official American attitude on the reports you gave Ambassador Lodge last night?

Mr. Hammarskjold: I think that you should keep in mind one thing, and that is that it is not bilateral negotiation. The United Nations is represented by the Secretary General, and the People's Republic of China has its representative. That is to say, I may well have at some stage to develop further the views held in United Nations circles covering all sorts of delegations and United States reactions. There is no special reason for me to be the spokesman for any single government, even if it is the government of the country to which the fliers belong. I think I must stick firmly to the principle that I represent the organization as such.

Q: Since you have opened the door, perhaps you could be called upon to keep the door open to the contact.

Mr. Hammarskjold: Well, there are so many possibilities in this situation, but you asked a rather technical question; that is to say, if I had to report in any way, or guess that I had to report on the United States reaction—then my reply is that I may have to report on the United Nations reaction, which is a decidedly different story.

Q: It would appear from what you have said today that the previous stand of the Chinese Government, that the question of the fliers was no business of the United Nations, was lost completely. They seem to take a different view now.

Mr. Hammarskjold: Well, let me put it this way. They seem to accept—that you can see from the facts—the view that it is the concern of the Secretary General of the United Nations.

Q: Would you say it is a departure from their previous view?

Mr. Hammarskjold: I won't go into any comments or analyses. I just state the fact that they seem to recognize that it is a concern for me, as they have accepted discussions with me.

Q: If you were not shown any exhibits or evidence, or confessions of the guilt of the fliers, was any attempt at all made to convince you of their guilt?

Mr. Hammarskjold: I said in my statement that Mr. Chou En-lai presented his viewpoint, and his viewpoint is internationally well known. I think that is a complete reply to the second part of your questions.

As to the first part of your question, I have already said that there was no suggestion for a show of exhibits, nor did I see any.

Q: You are now uniquely familiar with the views of both the Chinese and ourselves concerning various Far Eastern problems. On the basis of your knowledge of the views of both sides, do you feel that a Far Eastern settlement is possible in the near future?

Mr. Hammarskjold: I wouldn't venture any guess on that, but I would say that you are quite right in what you say. I have got the unique advantage of listening, seeing a little bit from the inside, the working of the mind of the other part in the story in which we are all concerned.

From my point of view, it is a matter of course that this comes into the picture as something rather important, which I have to digest, which I have to put into my picture of the world as well as possible, and that I hope to be able to base more definite and mature views on those problems that you have in mind. Those views have no other significance than what it can be as background for my talks to delegates and governments. That much is certain.

It was from that point of view, in my present job, very valuable and very important—but from then on to any kind of guess concerning the possibilities, I won't go.

Q: About the open door again, do you think that the door is open just for the solution of the fliers, and other United Nations personnel, or for the solution of other pertinent questions you discussed?

Mr. Hammarskjold: This expression "the open door" seems to have been given more technical significance. Before we heard it interpreted as applying to something concerning membership, obviously.

When I used the expression "open door," it was just in the same way I would use it if we got to know each other sufficiently well that questions which worried us could be brought up in the right way, unemotionally, objectively, between us.

Q: Was the question of the admission of the Chinese People's Republic to the United Nations mentioned at all?

Mr. Hammarskjold: I already replied that all the questions you could guess were, so to say, on the list of review.

Q: Do you have any observations to make about general conditions in Peiping?

Mr. Hammarskjold: I don't belong to the school of tourists who issue general statements after a few days' stay. I can tell you that it is an experience to see Peiping from all points of view, and an experience which I will never forget. However, coming over to that side of the matter, I would suggest that we have a second press conference which Mr. Cordier [Andrew W. Cordier, executive assistant to the Secretary General] has promised me to take, to cover, let us say, the more human side of what you call the color story. We could have it either directly after this press conference, or else, if it suits you, at 2:30. What would you prefer? Can we agree, then, that we will have another press conference at 2:30?

Q: Mr. Secretary General, may I ask another question on this subject? As I remember it, the first telegram you received from Peiping, or maybe it was the second—they came within 20 minutes—said the question of the fliers was closed, it was absurd to raise it, and that the United Nations had no jurisdiction, or words to that effect. This seems to have been entirely changed when you got there.

Mr. Hammarskjold: No; you don't remember exactly how matters stood. There were two cables, that is quite correct. One cable welcoming me—that was the reply to my suggestion that we should meet, referring also to the official question which was the background for my initiative. They said concerning that question, their views were made clear in another cable. In that other cable, I think that the main substance was the statement that they upheld what they called the sovereign right of the Chinese courts to convict. Well, the sovereign right of the Chinese courts to convict has not been in any way put in question by these talks because that is the sovereign right of any country's courts. From that point of view, there is no contradiction. There is a possibility, of course, of discussing the issue as part of the general picture, and that is what was accepted in the cable.

Q: Mr. Hammarskjold, did you speak to anybody besides Mr. Lodge so far either in Peiping or on your way?

Mr. Hammarskjold: On my way I saw a few people.

Q: Did you discuss with them what you discussed with Mr. Chou En-lai?

Mr. Hammarskjold: I didn't go into any detail with anybody.

Q: So Mr. Lodge is the first person—

Mr. Hammarskjold: The first who got a so-to-say report.

Q: Now that you are trying to keep this whole thing very secret, what assurances do you have that these talks you will have with heads of delegations will not leak to us eventually?

Mr. Hammarskjold: I am not trying to keep anything very secret. I am just trying to maintain, while that is still essential, the kind of quiet concerning the talks which may prove helpful.

As to the possibility of leaks, they may occur, but I count on a strong sense of delegates, as well as representatives, as to their responsibility.

Q: Mr. Hammarskjold, are you planning a report to the membership on your talks in Peiping, and if so, when?

Mr. Hammarskjold: I have to report to the General Assembly, and I can't say exactly when. The reports probably will come fairly soon.

Q: Do you plan to go to Washington for talks with any personalities there on this question?

Mr. Hammarskjold: I have no plans, but of course that may develop. We will see.

Q: Do you care to tell us something about what the Chinese feel about the United Nations as an instrument of world peace?

Mr. Hammarskjold: Well, I wouldn't interpret Chinese attitudes in that respect, but my own feeling is that they certainly count it a very important factor in the development of international politics.

Q: Was there any discussion, sir, of commuting the convictions?

Mr. Hammarskjold: We didn't discuss it in such legal terms.

Q: Mr. Hammarskjold, as you said, you had been around the world. Did you ask people what they mean by coexistence, how they interpret it in different places?

Mr. Hammarskjold: I didn't interview them. No, I didn't.

Q: Did you get an impression?

Mr. Hammarskjold: I could write a whole essay on that.

Q: Mr. Hammarskjold, on the occasion of your conversation with Mr. Mendès-France [Pierre Mendès-France, Premier of France], there were some intimations in the press that these conversations concerned easing of the tension between the West and the East. Is that true?

Mr. Hammarskjold: Well, that is a phrase which I think is just as ambiguous as the phrase which was just used. It means so many different things. You could apply it to our talk. I would not use it myself. I would say we made a kind of *tour d'horizon*. I don't remember exactly what expression Mr. Mendès-France used himself, but that is very adequate.

Q: Then it was other problems than the problem of your specific mission to Peiping?

Mr. Hammarskjold: Yes, problems of mutual interest I would say.

Q: Was there any suggestion made to refer this prisoners dispute to the International Court of Justice, and is that a possibility?

Mr. Hammarskjold: There hasn't been made any such suggestion by the parties immediately concerned as far as I know. Technically, I think under certain conditions, consent, and so forth, it would be possible.

Q: I might ask about your timetable. Which would come first—any further message to Chou En-lai, or a report to the delegates?

Mr. Hammarskjold: I really couldn't tell.

Q: Could you tell us anything about the type of discussion you had with Mr. Nehru [Jawaharlal Nehru, Prime Minister of India] in New Delhi and whether it had any bearing on the talks in Peiping?

Mr. Hammarskjold: What I said about the talk with Mr. Mendès-France covers very well also the talk with Mr. Nehru, what was the subject of the talks between Mr. Nehru and me.

I would like to say in both cases, from a very general point of view, these talks, from my point of view, were very valuable and much appreciated. Of course, both occasions gave me an opportunity to get a more complete picture of how matters looked from their point of view, and that is essential if this job is to be run properly. However, it is not a very practical idea to tie it down to any one specific problem. I simply must use my chance to cover wider ground when I have the opportunity of seeing men like Mr. Nehru and Mr. Mendès-France.

Q: Would you include the talk with Mr. Eden [Sir Anthony Eden, British Foreign Secretary] in this latter statement?

Mr. Hammarskjold: Definitely, and to be complete I would also add the other gentlemen I had the honor to see on my way out.

Q: Do you feel that India having remained neutral on this issue has helped the negotiations?

Mr. Hammarskjold: I would say that from my point of view I really couldn't tell if it is a plus or minus. I think that India is very much indeed within its full right to follow the line it took here in the General Assembly, and I think that my operation is an independent operation which has to be followed up on its own merits. I can well say that the attitude taken by India at a certain stage may be valuable and helpful, but as for the stage through which I have just passed, I wouldn't venture any guess either way.

Q: Mr. Hammarskjold, having now informed yourself so well on the Asian situation and also on the points of view of the three important Prime Ministers and generally established as I gather a good, sound idea of the Chinese view of the world situation, what hypothetically can a Secretary General of the United Nations, whether he were Mr. Hammarskjold or anybody else, do with all this information that he is carrying around like gold nuggets in this terrible world which you described in which one is afraid of the other?

Mr. Hammarskjold: Well, it may reduce the risk for mistakes and false initiatives, increase the chance to say the right word at the right moment.

Q: I consider that a very good answer. Thank you.

Q: Mr. Hammarskjold, in your annual report to the United Nations General Assembly last autumn, you suggested that you believed in the principle of universal membership. Do you still hold that view?

Mr. Hammarskjold: Definitely.

Q: That, of course, would include Communist China?

Mr. Hammarskjold: There is a time factor involved, and the time factor in turn is linked up with general conditions, the political situation, and so on and so forth. So you cannot jump from the principle of universality to the implementation immediately of that same principle.

Q: Would you say that eventually, sir, you feel that Communist China, on the basis of universality, should become a member of the United Nations?

Mr. Hammarskjold: May I put it in this way—it would from the point of view of the United Nations be useful if we had that very great country—after all, 600 million people are represented here—but the representation depends necessarily on a set of conditions and circumstances which have to be met. That means that this first step remains for the time being hypothetical, but I think as a general statement it is if anything a platitude.

Press representative: Mr. Secretary General, I don't want to present any other questions, but my colleagues want me to thank you very much and to tell you how sincerely we appreciate your meeting us today.

Mr. Hammarskjold: Thank you!

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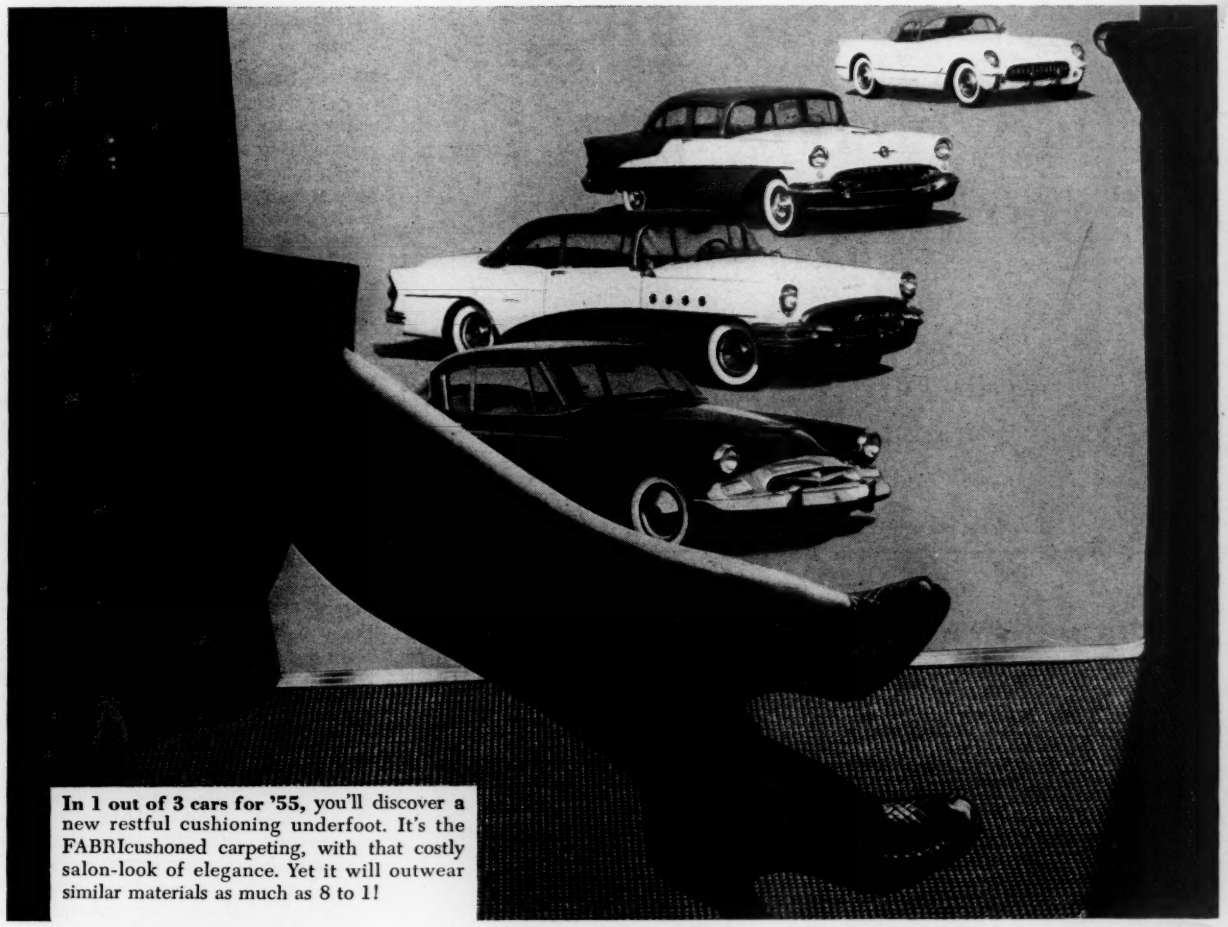

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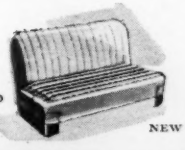

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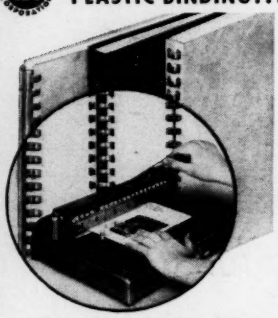

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News - Lines

What you as a businessman ☑ CAN and ☒ CANNOT do as a result of federal court and administrative decisions:

☑ **TRADE REGULATION.** You can, as a manufacturer, refuse to fill a distributor's order at the same time that you begin to sell your products to a competing distributor in the same area. A federal court of appeals holds that a manufacturer did not violate the Robinson-Patman Act by refusing such an order.

° ° °

☑ **TAX PROCEDURE.** You can find out from your tax collector how to get approval of a change in your annual accounting period under the 1954 Internal Revenue Code. Temporary procedure for this is established by the Internal Revenue Service.

° ° °

☑ **NUCLEAR POWER.** You can perhaps get financial assistance from the Atomic Energy Commission in setting up an experimental nuclear-power reactor. The Commission announces a program aimed at active co-operation of U. S. industry and AEC in developing, constructing and operating such reactors, in the hope of advancing the time when nuclear power may be generated commercially.

° ° °

☑ **ATOMIC MATERIALS.** You can possibly find out from the Atomic Energy Commission about its new schedules of basic charges for available nuclear materials and services needed by private atomic-energy developers and users in the U. S. The Commission also announces prices that it will pay for certain products from privately operated U. S. atomic reactors. The schedules are classified and will be released only to properly cleared persons.

° ° °

☑ **INCOME TAX.** You can, as a farmer, include your loss on the sale of farm machinery that has outlived its usefulness in figuring your net operating loss carry-over. This tax treatment is allowed by the Tax Court.

° ° °

☑ **WAGE-HOUR LAW.** You can, as a building contractor, forget about the Wage-Hour Act for watchmen employed to protect a local housing project. A federal district court rules that such watch-

men are not covered by this law even though a small part of their time is used to watch lumber on parked trailers from another State.

o o o

☑ **POTATOES.** You can inquire at offices of the Agriculture Department about new minimum grade and size requirements for Irish potatoes imported into the U. S. after February 6.

o o o

☑ **TRAVELING EXPENSES.** You can take an income tax deduction for unreimbursed traveling expenses incurred during services donated to a tax-exempt organization. In this ruling the Internal Revenue says the travel expenditures are deductible as charitable contributions and not as business expenses.

o o o

☑ **GRAIN EXPORTS.** You can buy grain from the Government for shipment to Turkey. The Agriculture Department authorizes the Government of Turkey to purchase about 12.5 million dollars' worth of wheat, oats and barley from U. S. suppliers. The grain to be exported, or equivalent stocks, must be bought by U. S. shippers from the Commodity Credit Corporation.

o o o

☒ **TAFT-HARTLEY ACT.** You cannot safely announce and put into effect wage increases and other benefits immediately after a union requests recognition as bargaining agent for your employes. The National Labor Relations Board finds that announcement of a raise and other benefits at such a time violated the Taft-Hartley law even though the employer had decided on them earlier.

o o o

☒ **PLANT ELECTION.** You cannot, as an employer, expect the Labor Board to overlook your marking a sample ballot during a plant election campaign just because a union marks a ballot in its favor. NLRB says one wrong does not excuse another and, in such a case, orders a new election after the union lost.

o o o

☒ **EXPORT CONTROLS.** You cannot get a license to export certain nickel-bearing scrap as easily as heretofore. Restrictions on export licenses for this metal in the first quarter of 1955 are tightened by the Bureau of Foreign Commerce.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, on written request, will refer interested readers to sources of this basic material.

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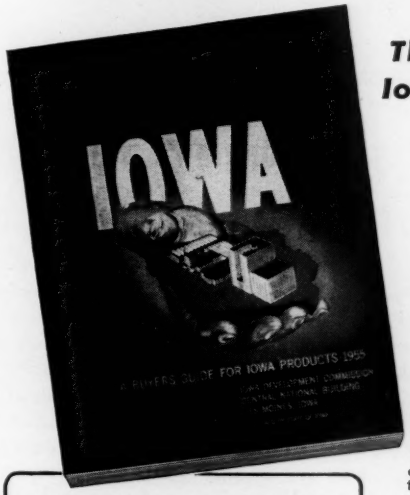

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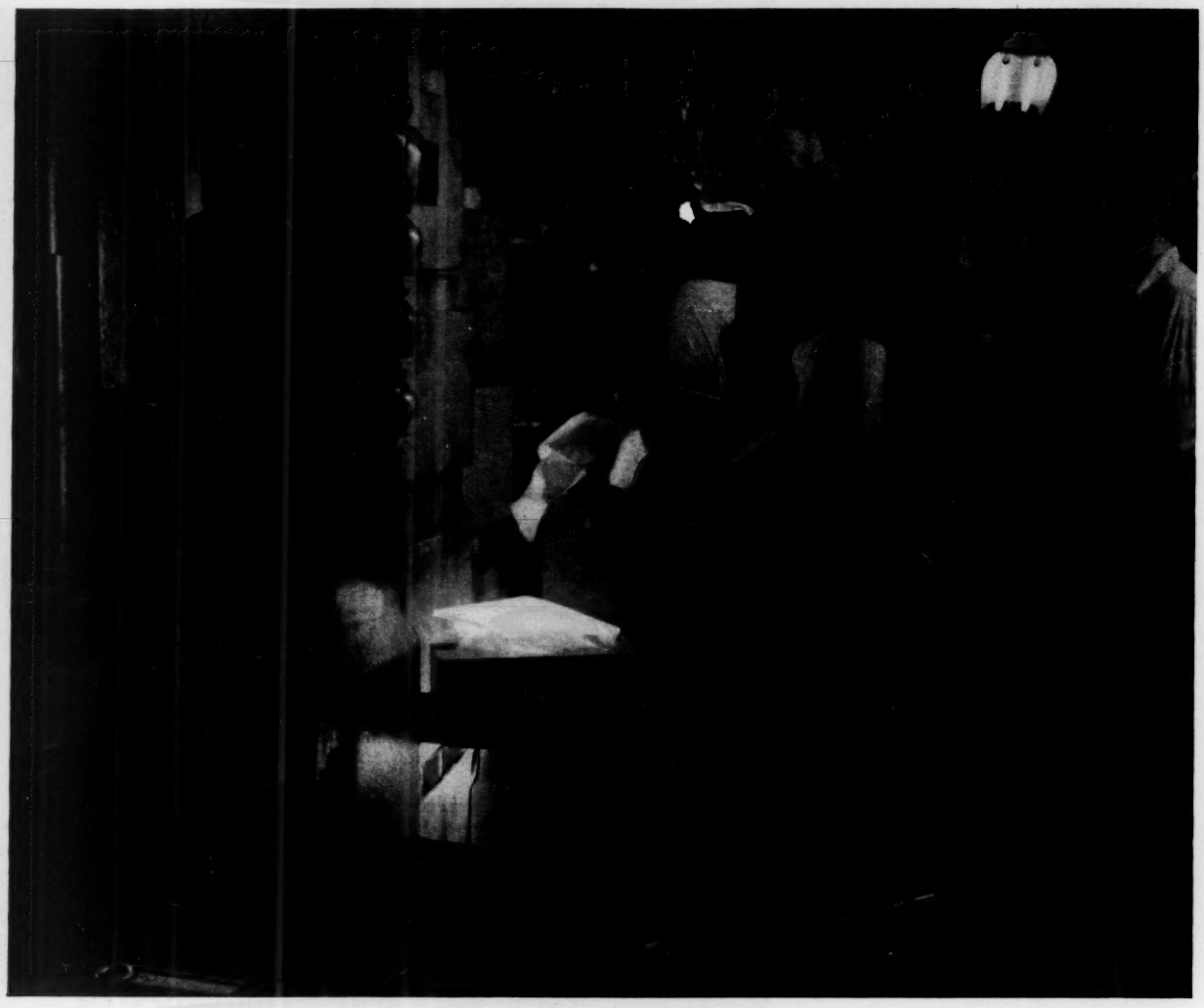

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Take note, now that taxpaying time is around the corner, of a step-up by the federal tax collector on measures to uncover shortcomings in tax returns.

AGENTS AND AUDITS. Chances grow that the income tax return you file for the year just ended will get a thorough going over by federal tax agents. That stems from a revamping of the Internal Revenue Service put into effect by top tax man T. Coleman Andrews. One indication: The number of tax-examining agents is nearly half again as large now as at this time last year. Also, the number of income tax returns audited has shown a monthly jump since last summer--a reversal of the gradual drop in previous years.

CATCHING DODGERS. Every return is checked for mathematical accuracy. And a sampling of returns--Commissioner Andrews is close-lipped about exactly how many--gets a fine-tooth combing. He says the honest taxpayer needn't worry; the squeeze is aimed at the tax dodger who fails to fork over his fair share.

Here, he adds, are chief tip-offs to tax errors: High refund claims. Overclaiming of exemptions for dependents other than one's own children. Improper itemized personal deductions. Understatement of tax liabilities.

COLOR TV. A $75 reduction announced by one manufacturer in the price of big-screen tubes for color-television receivers prompts this size-up for you: Industry opinion is that other tube manufacturers will follow suit, and that the price of color-TV sets may drop $125 to $150 as a result. But this still will leave set prices several hundred dollars above the $500 level that industry leaders think will have to be reached before any real consumer interest arises. That may come in 1956, they add.

ESTATE TAX. A legal tangle about the circumstances under which a round-about bequest to a charitable organization qualifies as a deduction for estate tax purposes is cleared by the U.S. Supreme Court. Case involved a will which left most of the estate to the wife, and after her death to an unmarried daughter, then to a charity if the daughter should die without descendants. The Court ruled that the chance of the charity's getting the estate was so uncertain that there could be no value assigned to it for tax purposes. For a conditional bequest to be deductible, the Court said, there must be positive assurance the charity will receive the benefit or some determinable part of it.

(over)

RETIREMENT INCOME. People with a small amount of retirement income get an extra tax break under a new interpretation of the tax law by the Internal Revenue Service. Note, however that it involves making out income tax returns in a way different from that provided in the tax form. Here's the explanation:

Page 4 of the tax form sets up the procedure for figuring the tax credit allowed on retirement income. One step calls for entering the actual amount of retirement income, or $1,200, whichever is smaller. Now, though, IRS decides Congress meant for all taxpayers who qualify for the retirement-income credit to be allowed to put down the $1,200 limit. So, despite what the form says, a person may enter $1,200 though he actually had less than that.

TAX CREDIT. The difference this makes can be important. Take the case of a person with, say, $900 in retirement income--amounts from rents, dividends, interest, annuities or pensions. Suppose, too, that Social Security and other payments he receives, which must be subtracted from retirement income in figuring the tax credit, also comes to $900. Following the steps provided in the tax form would leave him with no tax credit at all. But, under the new IRS interpretation, he would lop $60 off his tax bill--20 per cent of the difference between $900 and $1,200.

SOCIAL SECURITY. Here's a problem that seems to be bothering a lot of readers: A man gets to be 65 in the middle of the year, then starts drawing a Social Security benefit. Does the amount he earned in his job during the first part of the year affect how much he can earn the rest of the year without forfeiting any benefit checks? The answer: Yes.

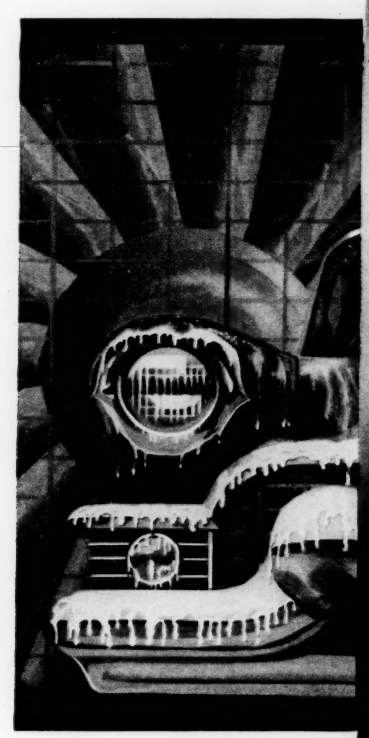
The rule is that, for every $80 a month earned above $1,200 a year, a benefit check may be lost. That's been held to mean the whole year, not just the part left after you become 65. However, if you earn more than $1,200 in the months before you reach 65, you lose no payment because of it, but you stand to lose one for every month afterward that you work and your earnings top $80.

SUMMER JOBS. Now is the time for that youngster of yours to get in his application if he hopes to land a job at one of the national parks this summer. Various kinds of jobs are available--for waitresses, bus drivers, chambermaids, laborers--but the flood of applications gets so heavy that positions usually are filled by March. Apply to the park concessionaire--care of the park superintendent, if you don't have the address.

DIET NOTE. Eating foods that have artificial sweeteners instead of sugar may cut a few calories from your diet, the National Research Council says. But, it adds, that alone doesn't make such foods an effective method of weight control. Also, not all sweeteners have proved their harmlessness, the NRC says.

HOME FREEZERS. If you think an approaching storm may disrupt electric service to your home, turn your freezer to its coldest. The colder things in it are, the longer they'll keep should power go off, the Department of Agriculture advises. Food in a fully loaded cabinet, left undisturbed, usually will stay frozen two days; in a half-loaded one, about a day. These are tips from the new leaflet "What to Do When Your Home Freezer Stops." Single copies, free, from the Office of Information, USDA, Washington 25, D.C.

HOT or COLD...



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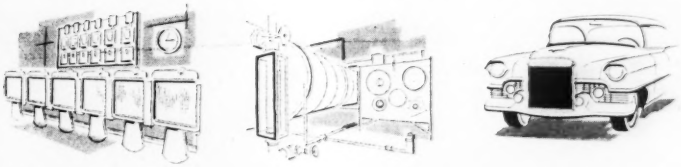
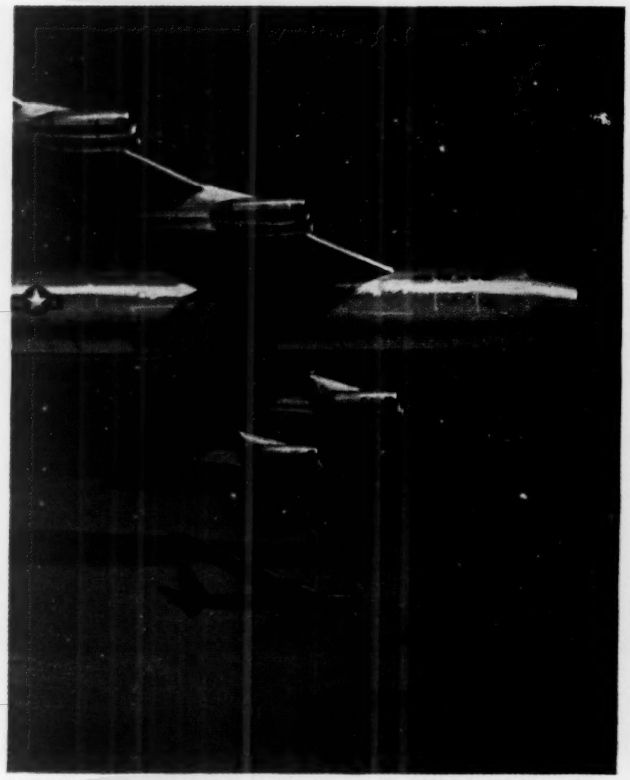
Fiery heat or frigid cold—Harrison's in complete control! And we prove it . . . *in advance!* In Harrison automotive research laboratories, wind velocities range up to 100 miles per hour . . . temperatures from a bitter sub-zero to a scorching 100 degrees! Radiators, air conditioning systems, heaters and defrosters—all Harrison products are tested under the most punishing temperature conditions—*hot* or *cold!* That's why Harrison is a leader in its field—that's why so many manufacturers rely on Harrison exclusively for dependable, economical heat-transfer equipment! If *you* have a hot or cold problem, look to Harrison for the answer!

HARRISON RADIATOR DIVISION, GENERAL MOTORS CORP., LOCKPORT, N. Y.

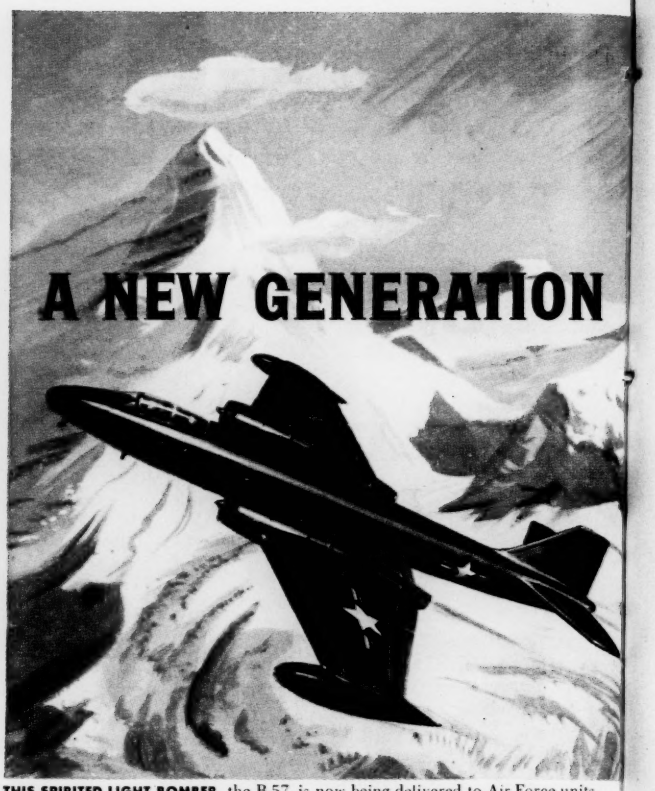


TEMPERATURES MADE TO ORDER

HARRISON



LARGEST JET BOMBER is Boeing Airplane Company's global B-52. This giant has a wing span of 185 feet and weighs 175 tons. Eight 10,000-lb. thrust Pratt & Whitney Aircraft J-57 jet engines enable it to top 600 m.p.h. with ease.



THIS SPIRITED LIGHT BOMBER, the B-57, is now being delivered to Air Force units by the Glenn L. Martin Co. It is a swift and versatile aircraft, based on the Canberra design and powered by two Wright J-65 jets of 7200-lbs. thrust each.

SWEPT-BACK WINGS and twin engine pods mark the B-66, a new light attack bomber being built for the Air Force by Douglas Aircraft Company. Its Allison J-71 jet engines of 9500-lbs. thrust each put it in the above 600 m.p.h. class.

MORE THAN A THOUSAND 600 m.p.h. Boeing B-47 medium bombers have been produced in Boeing plants and in new Douglas and Lockheed Aircraft Corp. factories. Each bomber has six 5800-lb. thrust General Electric J-47 jet engines.

OF AIR FORCE BOMBERS

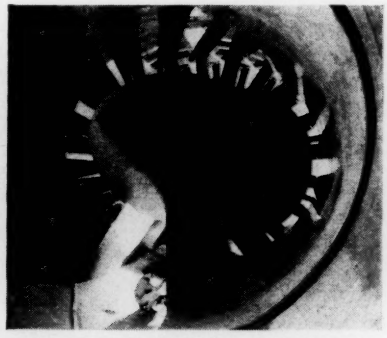
Another example of continuing progress in rebuilding American Air Power

Air Power is recognized as a vital part of national defense today and every citizen should know where the nation stands in rebuilding it. He should know, as well, what must be done to maintain adequate strength once it has been reached.

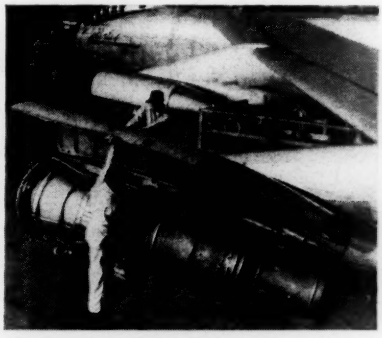
The aviation industry and the armed forces, working hand in hand, have developed vastly improved aircraft in every category. The Air Force jet bombers shown on the opposite page are typical. They are second to none in performance, in safety, in quality. These bombers and other aircraft are being produced today at more than four times the rate of production of June 1950, when war broke out in Korea.

In spite of the progress represented by advanced aircraft and high production, years of work are still ahead, for the challenge to freedom is greater now than ever. To meet it, research and development leading to more powerful generations of fighting aircraft *must be continuous* year after year; production must be high enough to supply the armed forces with the required quantities of the latest fighting planes.

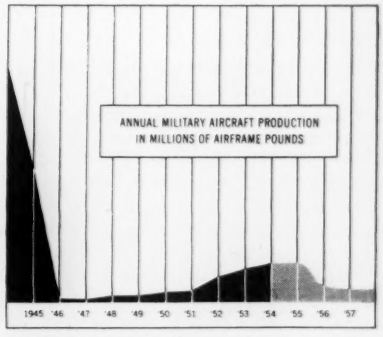
Today such a program of research, development and production has been given a vigorous start. If continued on a long-range basis, without wasteful stop-and-go interruptions, it can build and maintain essential, modern Air Power at the lowest possible cost to the taxpayer . . . With such air strength we one day may achieve lasting peace.



CONTINUING RESEARCH in basic fields of aviation is absolutely essential if America is to retain air leadership in future years. Tomorrow's faster, safer, higher-flying and more powerful airplanes will depend on the better materials and advanced knowledge continually sought by aviation scientists. Aerodynamic research facilities such as this United Aircraft Corporation wind tunnel have a vital part in this never-ending search.



CONTINUING DEVELOPMENT of engines, aircraft and equipment is the only way America can be assured of airplanes that are second to none in performance. Since 1942 jet engine development has steadily added to aircraft speed and altitude. But only within the last few years, with the perfection of such mighty engines as Pratt & Whitney Aircraft's J-57, has America been able to have supersonic fighters and heavy jet bombers.



CONTINUING PRODUCTION of the most modern aircraft and aerial weapons, which are far more potent than World War II's best, is rebuilding Air Power from 1947's weak level to a position of major strength, as this graph shows. Estimated future production, if uninterrupted and backed by adequate long-range research and development work, can provide up-to-date air strength over the years to come at minimum cost to taxpayers.

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HAMILTON STANDARD *propellers and aircraft equipment,*
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ABUSES IN WELFARE FUNDS

Congress Turns Up a Lot to Criticize

Congress is being told by its own investigators that health and welfare funds need closer watching. A House committee unit finds abuses to be widespread.

Employers, unions and insurance companies are accused of "questionable practices." There is criticism, too, of brokers, trustees and administrators.

Huge sums of money are involved.

There is concern in Congress over how the millions of dollars being put aside every year in health and welfare benefits are being spent. These funds, grown to huge proportions in the last 10 years, now are paying out big money to workers for medical care, hospitalization, surgical fees and death benefits.

A committee of the House of Representatives set out last year to discover how these funds were being handled. In a tentative report, just issued, the investigators find indications of a "wide range of questionable practices." They report, too, that existing State and federal laws "do not adequately guard welfare and pension funds from abuses."

The investigation was by an Education and Labor subcommittee under the chairmanship of Representative Samuel K. McConnell, Jr., (Rep.), of Pennsylvania. The group confined its report to programs that pay benefits in case of illness or death and were developed through bargaining between unions and employers. Pension plans were left for later study.

Some of the plans studied are financed through payments by workers and employers, but many are supported entirely by employers. By law, employers are supposed to be given an equal voice with union representatives on trustee boards.

Here is what the investigators found, much of the story told in their own words:

Employer attitudes. The subcommittee reports that its investigation "shows that employers have too often failed to meet their responsibilities in the establishment and management of health and welfare plans." The report continues: "Several factors contribute to this situation, including lack of interest in the whole matter, and at times a real fear that assertion of management views might bring quick retaliation in the form of strikes or other labor difficulties."

An employer testified, according to the report, that management didn't want welfare-fund responsibility. He suggested that, since employers made payments to welfare funds instead of giving wage increases, the money became "union money." The employer said that the union should be allowed to do what it wanted with the funds.

The witness added that employers in his field agreed to be represented on a fund's board of trustees only under threat of a strike that would have shut down the entire industry.

Strike threats also caused other employers to confirm the union's choice of a full-time administrator for one welfare fund, the report continues. Another employer tells the legislators that he agreed to the union's plan for a welfare fund because of a strike and the violence that accompanied it.

The union's plan, the witness said, called for a program to be administered entirely by the union. He added that the union would not permit him to install his own plan, although it would have cost him less, and his employes, all members of the union, had approved it.

The report adds: "Some employers apparently felt it was not important to know how their fund was functioning, or whether their employes were being paid for claims. They contented themselves with delivering the money to pay the insurance premiums. Another employer group completely ignored the law's directive, failed to appoint management trustees, and simply paid the full cost of the fund, leaving its administration entirely in union hands."

Union attitudes. The report then turns to the unions, pointing out that contributions for the funds in many cases are the result of collective bargaining between union and employer. The union may waive part of a wage increase on condition that the amount go into a welfare fund.

The subcommittee says that claims are made, on one hand, that "the whole cost is paid by employers," and, on the

"Questionable Practices" Reported to Congress

A committee of the House of Representatives, reporting that it found "a wide range of questionable practices" in handling of union welfare funds, makes these charges:

- ***Employers*** sometimes show a lack of interest and a fear of exerting their rights as joint trustees of the funds.
- ***Unions*** at times use threats and violence to force employers to contribute to the funds. Trustees sometimes are controlled through reprisals or threats of reprisals against employer representatives.
- ***Insurance companies*** in some cases engage in irregular practices. Listed among these are high operating charges and commission payments, careless handling of funds, advance opening of bids, and charging whatever premiums they believe can be collected.
- ***Trustees*** in some cases refuse to accept responsibility, fail to disclose personal deals bringing them profit in matters directly related to funds.
- ***Administrators*** sometimes squander assets of funds by giving benefits to those not entitled to them and by making "influence" payments to union officials.
- ***Nonunion workers*** are discriminated against in some instances because fund benefits are restricted to union members in good standing.

other hand, that "it should be considered a union fund because it represents workers' wages."

The report continues: "It is obvious that neither claim is fully justified. Perhaps a more accurate appraisal would suggest that a share in the fund belongs to each individual for whom a payment is made, and that the union and the employer have a joint duty to plan, invest, protect, and administer the fund carefully for the individual's best interest.

"That such is too often not the case is illustrated in this investigation to date. There has been picketing and threats of violence used in an effort to exact payments from an employer whose workers were not eligible under the terms of the trust fund.

"The same tactics have been used to force employer contributions to a fund even though his own employes had voted against the plan. Where an employer group offered one plan, a union insisted on a different plan, and the 'negotiations' resulted in criminal convictions in local courts.

"In addition to evidence of 'negotiation' by threats, fear, and actual violence, some union officers have conducted themselves as if the welfare of workers is something to be exploited for personal gain . . ."

Insurance practices. Under this heading, the investigators report that they found in some companies "a marked tendency to get welfare-fund business at any price." The report adds:

"In this quest for business, several patterns of conduct have emerged. One company evidently felt much of its business depended on the good will of a certain union official. This union officer was not a trustee and had no formal connection with the welfare fund which was insured by this company.

"However, testimony shows that he dominated all the trustees, and in fact controlled the fund. This was obviously an important consideration for the insurance company, because when it drew a $16,000 refund check payable to the trustees, it sent the check to this union official. When asked why this was done, a company official explained, 'It just seemed like a convenient way to get it where we wanted it to be.'

"Another company not only charged a high retention fee, but also sought the favor of a broker who wielded much influence among important union officials. Through this broker, a welfare-fund policy was negotiated, on which the company and the broker divided 37.5 per cent of the premium payments.

"This 37.5 per cent, called the retention rate, covered sales commission at 17.5 per cent and other company costs at 20 per cent. This left 62.5 per cent of the premiums available to pay claims under the policy.

(Continued on page 108)

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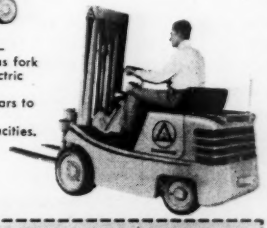

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PHENOLIC PLASTICS THAT FIT TODAY'S PRODUCTS for the new Competitive Era

. . . Legislators critical of unions and firms

"However, this case enjoyed a good experience rating, and the claims of employes fell far below the 62.5 per cent. But did the company refund this unexpected saving to the policyholder? No, indeed. It split it with the broker, in what it called a 'retrospective' commission arrangement."

This same company, investigators continue, withheld its bid on a policy for a welfare fund until a union trustee showed a company official the bids submitted by other firms, in advance of the scheduled time for checking the bids. In this way, the report adds, this company was able to present the successful bid and made "a handsome profit at the expense of the employes for whose benefit the insurance premiums were supposedly paid."

Brokers, agents, consultants. The report adds: "Nearly all the criticism directed at insurance companies can be applied with equal force to a number of brokers, agents, and so-called welfare-fund consultants. Wherever the subcommittee learned of a questionable practice by an insurance company, we invariably found a broker or sales agent or a consultant near the scene.

"We have also learned of the close tie between certain union officials and the same brokers and consultants. This condition is reflected in high fees, the payment of 'commissions' to union officers, elimination of real competition among insurance carriers, and a resultant reduction in the amount of benefits available to employes under health and welfare programs."

Trustee conduct. The investigators say they found instances indicating "a lack of interest and a shirking of responsibility by employer trustees." While this was not universal, the report states, it "has occurred so often it suggests that joint trusteeship over welfare funds does not in fact exist as Congress intended." The report continues:

"For instance, one witness testified that employer trustees refused to act on a proposal which would have meant a substantial reduction in the cost of operating their welfare plan.

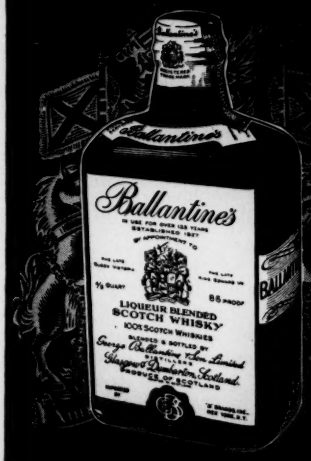
"They would not act unless the six union trustees could vote as a unanimous group. Therefore, although four of six union trustees favored the proposal, the refusal of the six employers to act assured an effective veto power to the two dissenting trustees.

"Subcommittee records also disclose instances where union trustees have failed to conform to the high ethical standards normally expected of those

(Continued on page 109)

Ballantine's

LIQUEUR BLENDED SCOTCH WHISKY



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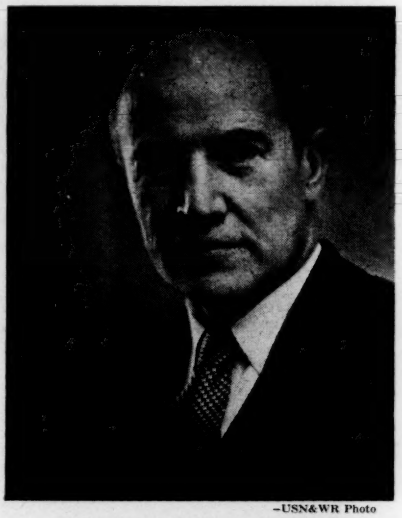
. . . Congressmen cite "failures" of trustees

acting in a fiduciary capacity. For example, in one fund it was reported that trustees' meetings were invariably attended by the union's international representative who was not a trustee but who did most of the talking for the union trustees.

"Testimony indicated that when this nontrustee reached a decision on any matter at issue, he would say, 'This is it.' Then one of the union trustees would merely add, 'I so move.'

"Two situations have been disclosed where union trustees failed to inform fellow trustees of financial dealings in matters directly related to funds under their trusteeship. In one such case a wel-



–USN&WR Photo

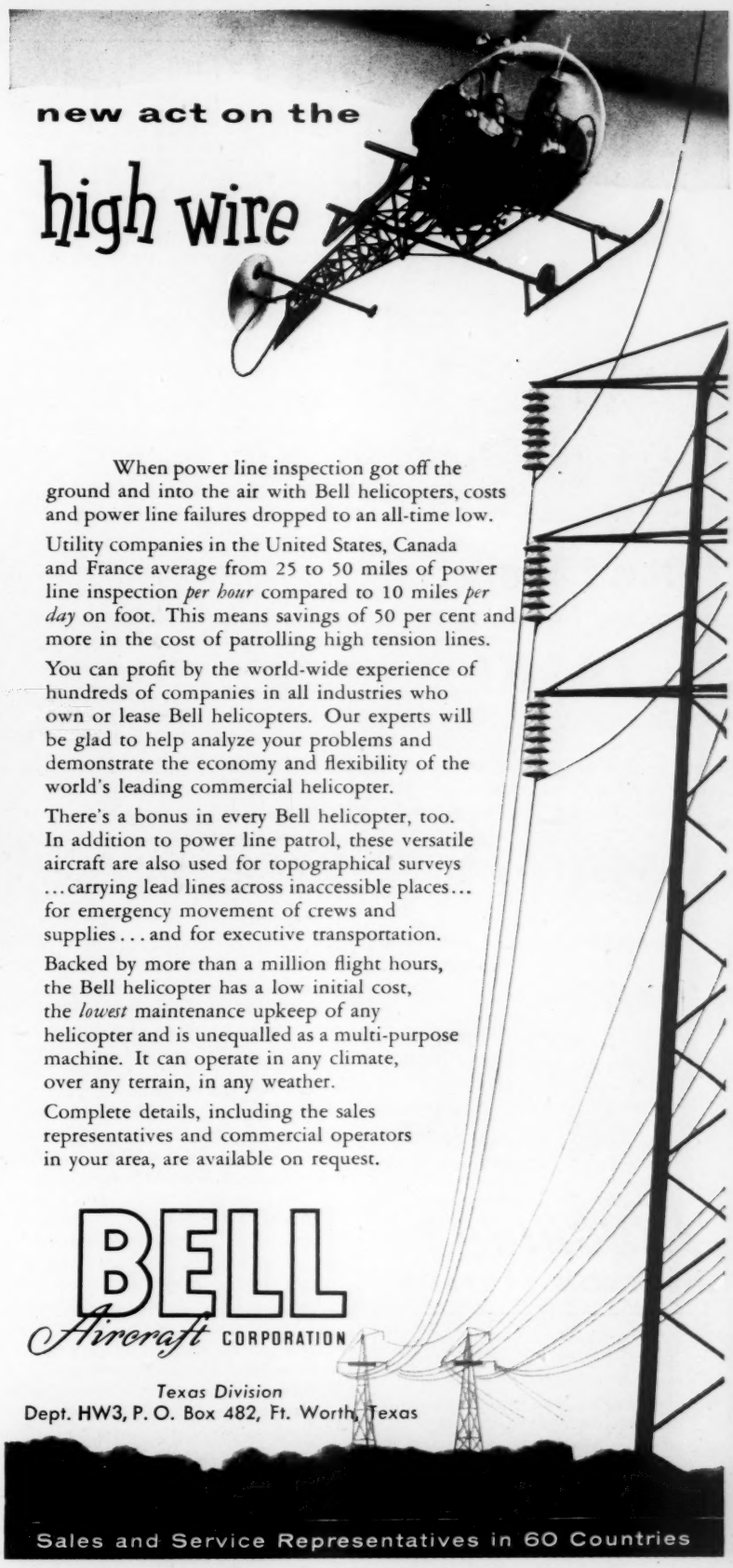
REPRESENTATIVE McCONNELL
. . . a duty for unions and employers?

fare fund invested a quarter-million dollars in preferred stock of an insurance company. A second welfare fund was insured by this same insurance company.

"One union official had a controlling interest in the welfare fund which made the investment; he also served as a trustee on the second fund. He did not inform his cotrustees of the quarter-million-dollar investment, thus denying them the chance to judge for themselves whether his decisions in insurance matters might be influenced by his separate financial interest in that insurance company.

"In the second case the union trustee was president of his union and chairman of the joint board of trustees. The welfare funds were not insured in this situation, but were operated by an adminis-

(Continued on page 110)



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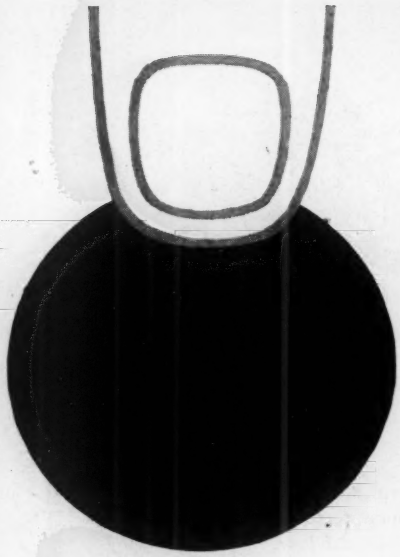

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. . . Conduct of fund managers questioned

trator who was paid by the trustees on a fee basis. This union trustee failed to inform his cotrustees that he was receiving money payments from the administrator. In return for these payments, he was supposedly using 'influence' to bring more welfare funds under the management of this administrator."

Administrators. Many funds, the report continues, use administrators to handle day-to-day operations such as collecting contributions from employers, keeping records and checking claims.

Many administrators are found to be performing their duties in an efficient manner, but the report accuses some of incompetence or questionable practices.

Such practices as these are reported: Administrators were handpicked by the union, without action by industry trustees; administrators paid benefits on a wholesale basis without sufficient evidence to determine whether claims were valid; benefits were paid to employers who had no right to them; an auditor was fired after he found that 40 per cent of the claims were paid to ineligible persons.

The subcommittee also reports that some administrators failed to keep books in an orderly manner.

Discrimination. "The investigation to date indicates that union membership in good standing is invariably a prerequisite to eligibility for welfare-fund benefits," the report says. "Our study has shown few exceptions to this condition. In many cases the insurance policies specify that all employes shall be eligible.

"But the trust agreement often defines an eligible employe as a union member 'in good standing.' We have found that the parties generally interpret such a trust provision to override the terms of the insurance policy. The result, of course, can deny benefits to a nonunion employe for whom welfare contributions were made in lieu of wages.

"We can see great compulsion to join a union and remain in good standing, even where a worker does not wish to do so, when his welfare and pension rights depend upon his union standing. Also important in the consideration of eligibility is the plight of the transient employe who is often faced with requirements which make it practically impossible for him to qualify for benefits."

The subcommittee recommended that the investigation be continued, to determine what changes are needed in federal laws to end the abuses. A Senate subcommittee also is investigating welfare funds for this purpose.

(Continued on page 111)

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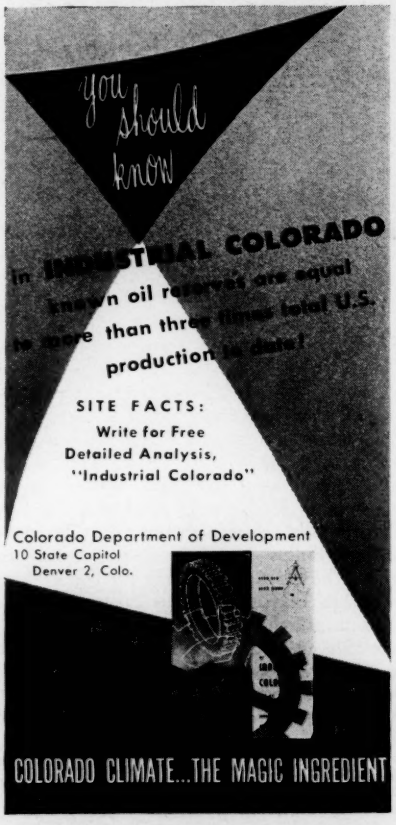


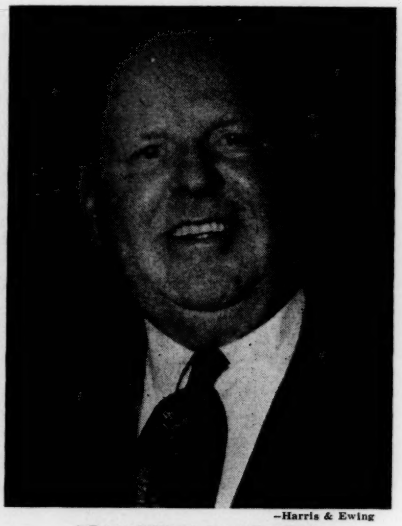
Pay Rates Still Rising in 1955

It still is much too early to detect a trend, but signs point to another round of wage increases in 1955. Raises already are showing up in some industries. And, as they were last year, the most popular increases appear to be in the range of 4 through 9 cents an hour.

Word is out that 1955 looks like a good year for profits, and unions are losing no time in demanding a bigger share in the form of higher pay for their members.

Contracts signed since the first of the year show what is going on.

Trucking firms in 12 Midwestern States are showing confidence in the next three years. They have signed an agreement with the AFL Teamsters Union, headed by Dave Beck, calling for a raise of 10 cents an hour on February 1, to be followed by a raise of 8 cents a year later, and 8 cents more on Feb. 1, 1957. The contract runs for three years.



—Harris & Ewing

TEAMSTERS' DAVE BECK
. . .three good years?

Drivers paid on a mileage basis will get an increase of one-quarter cent a mile each year. They now get 7.125 cents a mile. A minimum wage of $75 a week also is provided.

In another agreement, CIO Auto Workers won a raise of 5 cents an hour at Bell Aircraft Corporation, plus 6 cents to start March 4, 1956.

On the other hand, CIO Shoe Workers failed to get a raise in 57 Massachusetts shoe plants, but won fringe benefits.

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BALANCED BUDGET BY '56 ELECTION?

Income, Outgo May Be Better Than Ike Expects

Ike's new budget, made up 18 months ahead, could be thrown off by events.

Few budgets of the past have worked out as originally drawn.

This time, with business improving, revenue estimates for the year starting next July 1 seem conservative. The budget may yet wind up close to balance.

Official blueprint of U. S. income and outgo now offered by the President is one that must be read with important reservations. Investors, businessmen, others who must take federal finances into account will do well to check the official budget with a good deal of skepticism.

The fact is—and history demonstrates it clearly—that budgeting for a year that will not start for another six months, and will not end for 18, is a tricky business.

Revenue estimates, by standard budget practice, are based on highly conservative projections of business activity and income. Spending, even by an Administration dedicated to drastic cutbacks, usually is estimated high. Deficits that thus are foreseen 18 months in advance usually are bigger than those that turn up in the end.

One idea behind such conservative predictions is that they discourage Congress from cutting taxes—taking revenue away from the Administration—and dampen enthusiasm for pet projects that Congress might want to finance. But there are other problems—problems that Mr. Eisenhower fully recognizes.

In August, 1953, for example, Mr. Eisenhower took a look at the year ending June 30, 1954. What he saw led him to forecast a deficit of 3.8 billion dollars. He ended the year only 3.1 billion in the red. Then, in January, 1954, Mr. Eisenhower predicted a deficit of 2.9 billion for the year ending June 30, 1955, but last September he raised that figure to 4.7 billion. Today, the facts of the situation point to a deficit little more than half that big.

If you'll glance down the chart on this page, you'll note that former President Truman also enjoyed very little success in forecasting budget trends. In every year, something—more often, many things—happened to upset well-laid plans.

To understand the new budget, you need to know just why it's almost sure to be wide of the mark. Main thing to keep in mind when judging the budget is the way official revenue estimates are made.

How it's done. Budget officials normally base revenue estimates on forecasts of business activity and incomes—but on highly cautious forecasts. If activity appears to be declining, the assumption usually is that the decline will be moderate and probably level out soon.

Conversely, when business activity is rising—as now—the budget seldom takes the full force of the rise into account. Conservative budgeting requires that some of the rise be discounted.

Thus, when Mr. Eisenhower says that

HOW ACCURATE ARE U.S. BUDGET FORECASTS?

SPENDING AND TAX PLANS NEARLY ALWAYS GET UPSET

1947—Mr. Truman	forecast a DEFICIT of 4.3 billions,	got SURPLUS of 0.8 billion
1948—Mr. Truman	forecast a SURPLUS of 0.2 billion,	got SURPLUS of 8.4 billions
1949—Mr. Truman	forecast a SURPLUS of 4.8 billions,	got DEFICIT of 1.8 billions
1950—Mr. Truman	forecast a DEFICIT of 0.9 billion,	got DEFICIT of 3.1 billions
1951—Mr. Truman	forecast a DEFICIT of 5.1 billions,	got SURPLUS of 3.5 billions
1952—Mr. Truman	forecast a DEFICIT of 16.5 billions,	got DEFICIT of 4.0 billions
1953—Mr. Truman	forecast a DEFICIT of 14.4 billions,	got DEFICIT of 9.4 billions
1954—Mr. Eisenhower	forecast a DEFICIT of 3.8 billions,	got DEFICIT of 3.1 billions
1955—Mr. Eisenhower	forecast a DEFICIT of 2.9 billions,	to get DEFICIT of 2.5 billions*

*Estimate by USN&WR Economic Unit, based on current economic trends.

AVERAGE ANNUAL ERROR IN DEFICIT OR SURPLUS: 5.5 billions

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revenues will be in the neighborhood of 60 billions in the year starting July 1, he means they will if incomes in the 18 months ahead improve moderately.

The fact is, though, that incomes are in a decidedly rising trend. If business activity keeps showing the zip that appeared in December, then incomes will be substantially above the levels on which Mr. Eisenhower's budget is based.

What all this points to is the prospect that the federal till is going to be more abundantly stocked with funds than the budget indicates. Specifically, the outlook is for Government revenues totaling about 61.6 billion dollars, instead of about 60 billion.

There remains, of course, the possibility that Congress will not go along with the President's request to postpone reductions that are scheduled in law for excises and the corporation income tax this April 1. That request is worth about 2.3 billion dollars in the budget. The odds, though, are clearly on the side of congressional willingness to extend the present rates.

Result is all but sure to put the President nearer to a budget balance than his new message reveals.

There's also spending. On the outgo side, too, the President's budget may turn out to be highly conservative. Experience, again, provides an important key to budget understanding.

The fact is that Mr. Eisenhower, in his budget forecasts, has consistently underestimated the ability and willingness of his Administration to reduce Government outlays.

In August, 1953, in his first official budget forecast, the President predicted that outgo in the year ending June 30, 1954, would be 72.1 billion dollars. That meant a cut of 2.5 billion below the 1953 total. What actually happened was that the Administration whacked not 2.5 billion, but 6.8 billion from Government outlays.

Again, in his budget message a year ago, covering this current fiscal year, Mr. Eisenhower was cautious. He estimated spending at 65.6 billions. It now appears, on the basis of spending trends of Government, that the total will be about 3 billions less than that.

Thus, when Mr. Eisenhower says that expenditures will exceed 62 billions in the year starting next July 1, he means they will if his Administration doesn't find new ways to avoid outlays. But experience so far gives reason to believe that his Administration will find such methods.

What is indicated, then, is that spending in the new year will be 62 billions. The official estimate puts the total at somewhat more than 62 billions.

Congress, of course, is to have its say on these matters, too. For one ex-

(Continued on page 114)

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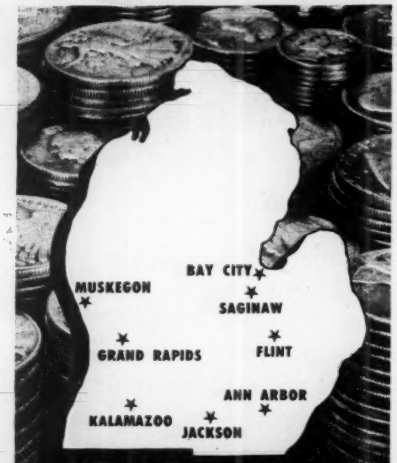

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. . . Tax cut next year if budget balances?

ample, Mr. Eisenhower is recommending a further substantial cut in the size of the Army—and budgeting on the assumption it will be approved. It may or may not be. And Congress may embarrass the President by the adoption of new spending programs, or it may call for heavier spending on old ones.

Yet Mr. Eisenhower already has demonstrated that he does not feel obligated to go through with expenditures simply because Congress has appropriated funds. He has reduced spending to levels substantially below those called for by Congress.

Outlook not dark. All of this offers the perspective needed to evaluate Mr. Eisenhower's new budget, and some of the contemporary facts that must be kept in mind. One other important factor must be taken into account.

Cold political logic is forcing an all-out effort to get the budget in shape for the presidential election year of 1956. It obviously will be to Mr. Eisenhower's advantage if, in his budget message a year from now, he can say this: "I now expect a budget balance for this year, ending June 30, 1956, and further improvement next year. As a result of savings achieved, we now can grant substantial tax relief and still enjoy a balanced budget in the year starting July 1, 1956. I, therefore, recommend major tax cuts now."

Support for such a plan is not likely to be limited to members of Mr. Eisenhower's own party in Congress. Even Democratic members who must stand for election in 1956 also will want to remind voters of their efforts to cut taxes. The memory of those efforts will be fresher in voters' minds if tax cuts are deferred until 1956.

What all this indicates rather clearly is this: If Congress follows Mr. Eisenhower's conservative budget fairly closely, if business conditions continue to improve, and if the Administration continues to trim spending, then the budget picture a year from now will be a great deal brighter than the President's message indicates.

Specifically, business prospects and trends in Government income and outgo point to a deficit of around 400 million dollars in the new year, instead of an officially estimated shortage of more than 2 billion. It's not too unlikely that even this minor deficit will be wiped out before June 30, 1956.

This, at least, is the prospect that is to be drawn from both past experience and present facts.

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Takes Issue With House Committee On Un-American Activities

Following is a statement by George T. Foster of Chicago:

In the Dec. 31st, 1954 issue of the *U. S. News & World Report* there appears a vicious propaganda report under the heading of "Exposing Fascists and 'Hate' Groups in U. S." and purported to have been released by the "House Committee on Un-American Activities" as of Dec. 17th, 1954.

The phoney character of this report is realized by its emphasis on Fascism and Hate and an obvious effort to label truly "Patriotic Americans" as "Fascists and Haters." Under such a label they would make them appear as despicable persons when as a matter of fact they had rendered a great service to their Country by exposing Communism and the Communist Traitors in and out of our government.

Now then, to be specific, the name Fascist was associated with Italians and was originated under the rule of Benito Mussolini. Webster's International Dictionary, Second Edition, defines a Fascist as follows:

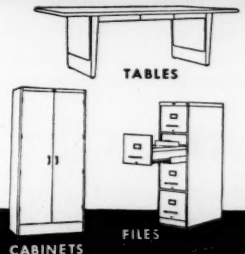
> Fascist: Typifies obedience to the law. Member of an Italian organization set up to oppose all radical elements in the Country such as Bolsheviks, Communists and the like.

It might prove of further interest to mention that the United States Government is, today, closely associated with Italy, the home of Fascism, and has spent billions in behalf of building their present economy.

Now, as for hate, this report must be ranked very high for as I note it mentions hate only twenty-two times. As for myself I have never indulged in hate as I considered it an extravagance which I could not afford. It has always been my belief that the hater was harmed infinitely more than the one that was hated.

My name was mentioned in the report as having been chairman of what was termed a National Convention of these "Hate Groups" held in Chicago July 4th-6th, 1952.

Actually it was an assemblage of some of the finest patriots this broad land of ours has ever known. The common denominator in this entire group was its opposition to Communism and a profound desire to preserve what is left of our "Constitutional Government."



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Official Army Report—

WHO PROMOTED PERESS? NOW YOU CAN HAVE THE ANSWER

At last comes an answer to a mystery that disturbed the nation: How did an Army dentist win promotion and honorable discharge after declining to say whether he was a Communist?

This question helped start the McCarthy-Pentagon dispute and led in part to the "censure" case against Senator McCarthy. Now an official Army report reveals that discharge of Major Peress was rushed after Mr. McCarthy had asked for the Major's court-martial.

The full story is told here in the Army's report, statements by four Senators and a Senate resolution, adopted 84 to 0, under which the Peress investigation is to be renewed.

SENATOR SALTONSTALL'S LETTER TO THE ARMY

On Jan. 10, 1955, Senator Leverett Saltonstall (Rep.), of Massachusetts, discussed the Peress case on the floor of the Senate. From the Congressional Record:

Senator Saltonstall: Mr. President, during the second session of the 83d Congress the Committee on Armed Services of the Senate held a number of hearings on personnel security in the armed services. At that time the Peress case was discussed on a number of occasions. Another committee of the Senate was given the task of studying the matter, but the Committee on Armed Services did not abandon its investigation.

During the period after the other committee's report was made public, I made a number of efforts to get from the Pentagon a complete chronology of the Peress case. I was unable to get a satisfactory report, even though a chronology dated November 3 was published. I did not feel that the chronology contained all the answers, so during the debate on the select committee's report I made personal inquiries, and held several personal interviews with secretaries from the Pentagon. A complete and a sufficiently suitable chronology, however, was not made available.

On Jan. 6, 1955, I wrote Secretary of Defense Wilson, urging that a complete chronology be made available to the members of the Senate. I received an answer to my letter on Jan. 8, 1955, enclosing a chronology which had been made public by Secretary of the Army Stevens. I also received a letter from the Secretary dated Jan. 7, 1955.

I believe this information should be made available to all members of the Senate, and for that reason I ask unanimous consent that the letters and the chronology be published in the body of the *Record*.

There being no objection, the letters and the chronology were ordered to be printed in the *Record*, as follows:

January 6, 1955.

HON. CHARLES E. WILSON,
THE SECRETARY OF DEFENSE,
WASHINGTON, D.C.

MY DEAR MR. SECRETARY:

Last December there was much debate in the Senate concerning the promotion and discharge of one Major Peress. During the course of that debate, I attempted to get a full understanding of the picture regarding the enlistment, the promotion, and the discharge of Major Peress. I was unable to do so to my satisfaction and consequently said nothing on the subject. There is, I believe, a great misunderstanding and possible misinterpretation of the facts concerning this matter.

During the current session of the Congress, the Department of Defense will have before it some very important legislation involving the security of our country. There will be the problem of reserve training, of pay increases, of the size of the forces, and other matters of equal importance. I believe it will accelerate the consideration of these important questions if this misunderstanding regarding the service of Major Peress is cleared up at once clearly and with no holding back by the Department of Defense or the Department of the Army of any information that can be properly made public.

Unquestionably, there were mistakes and errors of judgment in the handling of this case. A clean breast of the whole situation should be made in order that the misunderstandings may be cleared up and the records of responsible officers who are patriotic citizens, may be cleared from misinterpretations of their actions being placed upon them.

For all these reasons, I have joined in a resolution to be offered by Senator Daniel, of Texas, concerning communism and as a part of that resolution a request that the Senate and the American people be given the facts about this case. I enclose copy of the resolution.

As former chairman of the Senate Armed Services Committee, I was disappointed that I was not given any information last December. As one who has given close consideration and much thought to the security of our country and the problems that come before us in Congress involving security, I am hopeful that you will give me now in view of the difficult problems that face us a complete statement regarding the case. In this way, I believe the misunderstandings and misinterpretations may be cleared up once and for all.

With kind personal regards, I am,

Sincerely,
LEVERETT SALTONSTALL,
UNITED STATES SENATOR

The Secretary of Defense,
Washington, January 8, 1955.

HON. LEVERETT SALTONSTALL,
UNITED STATES SENATE
DEAR SENATOR SALTONSTALL:

Since receipt of your letter of January 5, 1955, in regard to the question of Major Peress, the Secretary of the Army has written you a letter in which he informs you that he is releasing to the press a detailed chronology of the military record in the case of Dr. Irving Peress.

I feel sure that the chronology which Secretary Stevens has made public, copy of which is attached, answers the questions which were raised in your letter to me.

With kindest regards.

Sincerely,
C. E. WILSON

January 7, 1955.

HON. LEVERETT SALTONSTALL,
UNITED STATES SENATE
MY DEAR SENATOR SALTONSTALL:

Reports in the press indicate that there has been renewed interest by Members of Congress in obtaining further details on the handling of the Peress matter. I further understand you have requested that a chronological record of the Peress case be released to the public. Accordingly, I am taking the liberty of sending you a detailed chronology of the military record of Dr. Irving Peress, and I am also making this chronology available to several other Members of Congress and to the press. The substance of most of the information in this chronology has already been furnished to Members of Congress and the public with the exception of the names of the individuals themselves.

I call your particular attention to my letter of June 23, 1954, to the acting chairman of the Special Subcommittee On Investigations wherein I referred to a list of individuals, as prepared by the Inspector General, who had some connection with the case. I requested that the names be held in confidence because, while there was evidence of administrative errors, there was no evidence of culpability or subversion. My request for confidential handling of these names was respected and the names have not been made public to date. However, since this handling of those names has been misinterpreted in some places, I have concluded that a detailed chronology should be prepared in order to furnish the details and the names of the individuals themselves in one document.

It so happens that I was en route home from the Far East at the time Peress was honorably discharged and knew nothing about the case. I have cooperated in every way in correcting the faults in the administrative system, and have caused them to be rectified.

Yours sincerely,
ROBERT T. STEVENS.
SECRETARY OF THE ARMY

REPORT FROM THE DEPARTMENT OF THE ARMY

Following, in full text, is the report titled, "Chronology of the Military Record of Doctor Irving Peress," as released by the Department of the Army on Jan. 7, 1955:

According to his statements, Dr. Irving Peress was born in the Bronx, New York City, N. Y., on 31 July 1917. Irving Peress was graduated from the School of Dentistry, New York University, in 1940 with a D.D.S. degree, was licensed to practice dentistry by the State of New York in August 1940, and subsequently practiced dentistry from September 1940 to 1 January 1953 when he entered military service.

Since Dr. Peress was not a member of a reserve component of the Armed Forces, he was subject to the provisions of Public Law 779, 81st Congress, 9 September 1950 (Doctors Draft Act), which amended the Selective Service Act of 1948 to provide for special registration, classification and induction of certain medical, dental, and allied specialist categories. Dr. Peress had no prior service in any of the Armed Forces, and had not received specialized training at government expense during World War II, so he was classified in the third priority for the purposes of induction.

Local Board No. 59, Forest Hills, L. I., New York, reported that Dr. Peress registered with that board on 15 January 1951. On 26 May 1952 he accomplished DD Form 390 (Initial Data for Classification and Commissioning in Medical Services for Medical, Dental and Veterinary Corps), in triplicate. The box in Item 30 of DD Form 390 was checked to read:

"I do hereby apply for a commission."

Item 31, REMARKS, is completed in hand-lettering as follows:

"I apply for a commission IF I am selected for military service."

Item 32 thereof, as completed, reads:

"I *am not*, nor have I been a conscientious objector, and I *am not* now and *have not* been a member of any foreign or domestic organization, association, movement, group or combination of persons advocating a subversive policy, or seeking to alter the form of government of the United States by unconstitutional means."

All copies of this form were later forwarded to Headquarters, First Army (hereinafter referred to as "First Army") in New York City.

On 14 July 1952, Dr. Peress accomplished Standard Form 89 (Report of Medical History) and was medically examined at the New York City Recruiting and Induction Main Station on the same date. He was hospitalized at the U. S. Army Hospital, Fort Hamilton, N. Y., on 15 July 1952 for further examination. The results of these examinations were recorded on Standard Form 88 (Report of Medical Examination). On 11 August 1952 the Report of the Medical Examination and allied papers, including the DD Form 390, in triplicate, were received by First Army, from the New York Recruiting and Induction Main Station, New York City. On 12 August 1952 Dr. Peress was determined to be "Physically qualified for general military service," by the Medical Section, First Army. On 12 September 1952 he was notified by letter that he had been found to be physically qualified and information regarding the date he preferred to be called to duty was requested. This letter was signed by Captain F. E. Van Sickle, Jr., MSC, Office of the Surgeon, First Army.

Major Vernon McKenzie of the Office of The Surgeon General in Washington drafted a message for dispatch by The Adjutant General on 20 August 1952 notifying all major commanders of the October draft requirement for medical doctors and dentists. The message was dispatched on the same day.

"SCHEDULED FOR INDUCTION"

Since Dr. Peress had applied for a commission and had been selected for induction by the Selective Service System, he was notified by letter of 25 September 1952 that he was scheduled for induction and if he still desired a commission

–Harris & Ewing

GENERAL WEIBLE
. . . reviewed the case

to contact First Army. This letter was signed by a Captain F. E. Van Sickle, Jr., MSC, in the Office of The Surgeon, First Army. On the same date Dr. Peress requested by telephone that he be commissioned in the Dental Corps Reserve.

On 4 October 1952 Captain Van Sickle prepared a recommendation to the Reserve Forces Division, First Army, that Dr. Peress be tendered an appointment in the Dental Corps Reserve in the grade of Captain, stating that the applicant was physically and professionally qualified. This recommendation was signed by Lt. Col. G. H. Hage, Chief of the Personnel Division of the Medical Section, First Army.

Based upon this recommendation, Captain Curtis R. Kirkland, Assistant Adjutant General, Reserve Forces Division, First Army, prepared and dispatched a letter to Dr. Peress on 10 October 1952. This letter inclosed, among other material, (1) a letter of appointment as Captain, USAR, dated 7 October 1952, (2) Oath of Office, (3) WD AGO Form 170 (Application for Appointment and Statement of Preferences for Reserve Officers), (4) DD Form 98 Loyalty Certificate, and (5) two copies of DD Form 398 (Statement of Personal History.) Instructions directed completion and return of the Oath of Office within 72 hours of date of receipt. The remaining forms were required to be completed and returned as soon as possible but in any event not later than 15 days from date of receipt.

–USN&WR Photo

JOHN ADAMS
. . . wanted quick action

Dr. Peress executed his Oath of Office form before a notary public on 15 October 1952, thereby accepting the Reserve commission in this language:

> "I, Irving Peress, 0-1893643, having been appointed a Reserve commissioned officer in the grade of Captain in the Army of the United States, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign or domestic, that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office upon which I am about to enter; SO HELP ME GOD."

The Oath of Office form was mailed to First Army as required.

Under date of October 27, 1952, Peress completed the WD AGO Form 170 (Application for Appointment) in which he indicated that he was not a conscientious objector, that his application was submitted pursuant to regulations governing appointment of Reserve officers of medical, dental and veterinary specialties, and that he had read and understood the regulations concerning the rejection for military service of disloyal or subversive personnel.

On 28 October 1952 Peress completed DD Form 398 (Statement of Personal History), in duplicate, in which he claimed Federal Constitutional Privilege in answering items pertaining to membership in Communist, Fascist or other organization, association, movements, group or combination of persons which advocates the overthrow of our constitutional form of government. He signed these forms as the person completing them and also as witnessing officer.

On the same date, in completing DD Form 98, the Loyalty Certificate, he certified that he had not engaged in any conduct specified therein as undesirable. However, he claimed Federal Constitutional Privilege in answering questions concerning membership or association with cited organizations. This form was witnessed by Captain Charles A. Lyon, who was assigned at that time as Unit Advisor, AGC-USAR Postal Units, 30 West 44th Street, New York City. Captain Lyon witnessed the execution of the form by Peress and returned it to him. Peress then departed with the form.

The procedure followed by First Army in tendering an appointment to Peress prior to execution by him of Forms 170, 398, and 98 was in accordance with the provisions of the then applicable regulations which were designed to expedite appointment of medical, dental, and veterinarian specialists as Reserve officers. This procedure provided for the commission of these specialists *prior* to completion of these forms, although personnel being commissioned in other branches of the Army were requested to execute the forms prior to commissioning. (This procedure was subsequently changed on 28 November 1952 to require that all applicants for a commission execute Form 98 (Loyalty Certificate) before being tendered an appointment.)

After receipt of the Oath of Office from Peress, and before his executed Forms 170, 398, and 98 were returned, Captain Van Sickle of First Army notified The Surgeon General, Department of the Army, in Washington, that Peress and others, as Dental Corps Reserve officers in Priority III of the so-called Doctor Draft Act, had received notice of induction for the period 21-31 October 1952, prior to accept-

ing a commission. This report indicated that Peress and others were available for call to active duty.

Based on this information, Major Arthur E. Britt, MSC, Office of The Surgeon General, Department of the Army, notified First Army on 5 November 1952 to issue orders calling Peress, among others, to active duty. This notification also included instructions to assign Peress to the Student Detachment Medical Field Service School, Brooke Army Medical Center, Fort Sam Houston, Texas, for the purpose of attending the Associate Medical Service Company Officers Course, reporting thereat not later than 7 January 1953. On 10 November 1952 First Army issued orders in compliance with these instructions. These orders were authenticated by Captain A. E. Moreda, Assistant Adjutant General, First Army.

It cannot be definitely established whether DD Form 398 and 98, executed by Peress on 28 October 1952, had been received by First Army prior to the issuance of these orders calling him to active duty. The presence or absence of these forms, however, would have had no effect on the call to active duty of Peress since the provisions of the then applicable regulations stated in effect that Reserve personnel would not be deferred or rejected for non-voluntary active duty for disloyalty or subversion, unless the investigation of the case had been completed and the results thereof had been determined to warrant removal action. It has been established, however, that on 14 November 1952 Captain Kirkland returned both copies of DD Form 398 to Peress for the signature of a witness other than himself. Peress secured the signature of one Henry Getzoff as witness and on 18 November 1952 returned both copies of the form to Headquarters, First Army. They were received on 20 November 1952.

At this point all forms sent to Captain Peress for completion had been returned to First Army. Captain Kirkland's office examined the forms submitted by Peress for completeness only, no evaluation of the content was made, and normally within one or two days after receipt, completed Forms 398 and 98 were forwarded to the Intelligence Branch, First Army.

In 1 December 1952 the Intelligence Branch of First Army requested the Reserve Division to obtain from Peress a fingerprint card and three additional copies of DD Form 398. These were requested for use in the investigation of Peress. After receiving these forms, Captain Kirkland in the Procurement Branch, Reserve Division, sent them, together with the DD Form 98 to the Intelligence Branch, on 5 January 1953.

After receipt of his orders to active duty, Peress, on 4 December 1952, requested a 15 to 20 day delay in reporting for duty. He desired this time to wind up some personal and professional matters. This request was not favorably considered. Peress was so advised by mail on 8 December 1952 by Captain F. E. Van Sickle, Jr.

Peress entered on active duty on 1 January 1953 in New York, New York, and reported as ordered to his assigned duty station, Brooke Army Medical Center, Fort Sam Houston, in San Antonio, Texas, on 3 January 1953. He was to attend an Orientation Course at the Medical Field Service School from 7 January 1953 to 7 March 1953.

The Office of The Surgeon General in Washington determined that the need for the services of medical and dental officers was greater than the benefits derived from the course, and all such officers, 319 in number, were withdrawn for duty assignments. Department of the Army Special Orders, No. 16, dated 26 January 1953, effected this action by which Peress was ordered from the Texas station on 7 February 1953. He was to report to Fort Lewis, Washington, along with 27 others, not later than 26 February 1953 for shipment to, and further assignment by, the United States Armed Forces Far East, Yokohama, Japan.

—Wide World

IRVING PERESS: HIS STORY WAS IN THE FILES

Meanwhile, back at First Army in New York the Counter Intelligence Division directed an investigation of Peress on 5 February 1953 and, on the same day, notified Captain Van Sickle in the Medical Section, and Captain Kirkland in the Reserve Division, that such an investigation was being initiated because of Peress' claim of "Federal Constitutional Privilege" in executing DD Form 98 and DD Form 398. By letter of 5 February 1953, signed by Captain C. F. Maxwell for Colonel Wendell G. Johnson, the Intelligence Branch, First Army, notified the Intelligence Branch at Fort Sam Houston, Texas, of the institution of and reasons for the investigation. Peress, however, had departed from the Texas station prior to receipt of this information.

Under date of 12 February 1953 the Chief of the Counter Intelligence Division at First Army in New York notified the Intelligence Division, Department of the Army; the Office of The Surgeon General; and Office of The Adjutant General in Washington on the initiation of the investigation. This notice was filed in the Personnel Information Branch of the latter office on 27 February 1953 and in The Surgeon General's Security Branch between 12 February and 11 March 1953.

The official travel time by automobile from Fort Sam Houston, Texas, to Fort Lewis, Washington, is 11 days. This, with the 7 days delay en route, permitted Peress to report to Fort Lewis, Washington, on 26 February 1953. On 18 February 1953, while at his home in New York City, Peress wrote to the Commanding Officer, Army Personnel Center, Fort Lewis, requesting cancellation of his overseas orders and consideration for reassignment in the United States. He inclosed letters from two psychiatrists, Dr. Edward M. Bernecker and Dr. Max Gruenthal, to substantiate his request and to indicate reasons for granting it. The letter from Dr. Bernecker stated that a daughter of Peress was then being treated for character behavior disorders. The letter from Dr. Gruenthal stated that Mrs. Elaine Peress, the wife, at one time was treated for severe anxiety neurosis, and had suffered a relapse.

On 24 February 1953, 1st Lt. Alfred M. Gade acting for the Commanding Officer of the Army Personnel Center, Fort Lewis, Washington, sent a wire message to Peress in New York. This message notified Peress that the Personnel Center was not authorized to reassign officers and referred him to The Adjutant General in Washington. The message also directed him to comply with his orders and report to Fort Lewis by 26 February 1953.

On 26 February 1953, Peress was at Fort Lewis when a message was received at the Headquarters from the New York Chapter of the American Red Cross, New York, New York, summarizing the "complicated" home situation of Peress and stating that Dr. Gruenthal recommended emergency leave as a temporary alleviation measure. It was stated that this doctor had earlier strongly recommended Peress' permanent assignment to stateside duty; further that the "entire home situation much better when wife constantly near officer." Based upon the communication from the American Red Cross, and in accordance with regulations providing for emergency leave, the Commanding Officer, Army Personnel Center, Fort Lewis, granted Peress 15 days emergency leave. Peress was ordered to report at Fort Lewis not later than midnight on 15 March 1953.

ABOUT OVERSEAS ORDERS

On 27 February 1953 Peress addressed a letter to The Adjutant General, Department of the Army, requesting cancellation of his overseas orders and consideration for reassignment in the United States. Enclosed were the same documents previously used to substantiate his request to Fort Lewis and a copy of the Red Cross telegram referred to above. His letter stated that he was leaving for home immediately on emergency leave and that he would be there for the duration of that leave. He further requested that his application be given urgent attention.

On 9 March 1953, Captain Einar Berge, AGC, Assignment Branch, Office of The Adjutant General, Department of the Army, prepared a memorandum which was subsequently signed by Lt. Col. C. J. Crumm, Office, The Adjutant General, referring this request and accompanying documents, without recommendation, to the Chief, Medical Career Management Division, Office of The Surgeon General, Department of the Army, for consideration. On this same day, The Surgeon General referred the request to a Board of Officers (Brigadier General Egbert W. Cowan, DC, and Colonel O. Elliot Ursin, MC) appointed to consider requests of this nature. Based on the statements of the doctors and the telegram from the American Red Cross both officers recommended approval of the request. The Board recommendations were signed by Major W. O. Prettyman, Jr., Office of The Surgeon General, acting in his capacity as Recorder for the Board.

ASSIGNMENT TO CAMP KILMER

The Board handled the application in a routine fashion and was not aware of the derogatory information which was of record elsewhere in the Office of The Surgeon General. General Cowan personally determined that Peress should be sent to Camp Kilmer, a station near his home, on the basis of the then current needs. On 11 March 1953, the recommendation that Peress' application for "deferment from overseas shipment" should be approved and that he should be assigned to Camp Kilmer, New Jersey, was forwarded to The Adjutant General, DA, by Major Arthur E. Britt, MSC, Office of The Surgeon General.

On 13 March 1953, by message authenticated by Captain Howard Wagner, AGC, Peress was informed that his overseas orders had been revoked and that he had been assigned to Camp Kilmer. Information copies of this message were furnished to the Commanding General, First Army; the Commanding Officer, Camp Kilmer, New Jersey; and other headquarters concerned. Inasmuch as there was no indication in Peress' files in Reserve Forces Division, First Army, that he was subject to an investigation, that section failed to notify the Counter Intelligence Division, First Army, of Peress' reassignment to Camp Kilmer within the First Army Area. In compliance with the message referred to above, Peress reported to Camp Kilmer 13 March 1953, whereupon he was assigned to duty as a dental officer in the dental clinic at that station. He did not have access to classified information. He remained at Camp Kilmer until separated from the service on 2 February 1954.

The investigation of Peress at First Army was completed on 15 April 1953 and the report filed with the Counter Intelligence Division of First Army on 21 April 1953. That office, under date of 24 April 1953 reported to the Intelligence Division and The Surgeon General's Office, both in Washington, that facts and circumstances disclosed during the investigation provided sufficient evidence of disloyal and subversive tendencies to warrant removal of Peress from the service, pursuant to the applicable security regulation, SR 600-220-1. This report was signed by Captain Albert Robichaud for Colonel Wendell G. Johnson, Intelligence Chief at First Army.

On 28 April 1953, Lt. Colonel Ronald F. Thomas signed a letter for Colonel Johnson, First Army Intelligence Chief, going to the Surgeon General and the Chief of the Intelligence Division in Washington. This letter had inclosed a complete report of the investigation and recommended that action be initiated to remove Peress from the Service.

On 30 April 1953, Colonel R. G. Prentiss, Jr., executive officer in the Office of The Surgeon General, sent the file on the investigation to the Chief of the Intelligence Division from the Office of The Surgeon General. He concurred in the recommendation of Peress' elimination from the service and stated that Peress would not be reassigned from Camp Kilmer prior to final action in the matter.

Since the completed investigation had not been reviewed by the Commanding General at Camp Kilmer, it was returned to First Army on 21 May 1953 from the Intelligence Division in Washington, by Major James D. Anders, acting for Colonel W. A. Perry, Chief Security Division.

Lt. Colonel Ronald F. Thomas, Chief, Counter Intelligence Division, at First Army, sent the file to the Intelligence Branch of Camp Kilmer, New Jersey, with directions to maintain a copy of the report in Peress' intelligence field file there. This action was dated 25 May 1953.

"NONSENSITIVE POSITION"

Lt. Colonel C. T. Brown of the Intelligence Branch at Camp Kilmer, New Jersey, returned the file to the Intelligence Branch at First Army in New York on 15 June 1953. He reported that Peress was assigned to a nonsensitive position and recommended that he be separated from the service.

On 7 July 1953, from First Army Counter Intelligence Division, Lt. Colonel Ronald F. Thomas sent the file to the Intelligence Division in Washington with an opinion that retention of Peress as an officer in the military service was "not clearly consistent with the interests of national security" and recommended that he be separated from the service.

The pertinent Army regulation in such cases provides for the accomplishment of an interrogatory by a member of the service who has been investigated prior to final action, when considered appropriate by the Intelligence Division. Such an interrogatory was prepared by the Intelligence Division in Washington. It was sent on 10 August 1953 to the Counter Intelligence Division at First Army in New York by Lt. Colonel W. P. Meredith for Colonel W. A. Perry, Chief Security Division. Lt. Colonel E. E. Winn, Counter Intelligence Division, First Army, forwarded the interrogatory to the Intelligence Branch at Camp Kilmer on 20 August 1953.

The interrogatory was accomplished by Peress at Camp Kilmer on 25 August 1953. Other than furnishing name, address, date and place of birth, names of parents and denial of use of any alias, Peress entered "Federal Constitutional Privilege is claimed" in response to all remaining questions.

The completed interrogatory was returned to Intelligence Division, First Army in New York under date of 26 August 1953 by Lt. Colonel Brown, Intelligence Branch, Camp Kilmer. He recommended separation of Peress.

The Intelligence Division, First Army, sent the interrogatory from New York on 2 September 1953, reiterating the recommendation for removal of Peress from the service. The file passed through the Office of The Surgeon General on 8 September 1953 where Colonel R. G. Prentiss, Jr., repeated his recommendation that Peress be removed from the Service.

The interrogatory, with accompanying recommendations of all echelons through which it passed, was received in the Intelligence Division in Washington 10 September 1953.

On 29 June 1953, Public Law 84, 83d Congress, the amendment to the so-called Doctor Draft Act under which the rank of Peress was later adjusted, was enacted. This law required that persons who had been ordered to active duty under the Doctor Draft Act would be reappointed in the rank commensurate with their professional education and experience.

By letter of 9 September 1953, Peress requested determination of his eligibility for promotion to the grade of major in accordance with provision of the new law referred to above. Colonel Ruluff F. Leverich, Dental Surgeon, Camp Kilmer, on the same date forwarded this request to the Commanding General, Camp Kilmer, for necessary action without comment. He also informed the Intelligence Office, Camp Kilmer, of this action. On 10 September 1953, at the direction of 1st Lieutenant William L. Vinette, Personnel Branch, Camp Kilmer, Chief Warrant Officer J. T. LaMarca, Assistant Adjutant General, forwarded the request without further comment to First Army for determination.

At First Army, Major Van Sickle and Major Kirkland conferred and prepared a forwarding indorsement to this request, the pertinent portions of which are quoted as follows:

"**2.** Available information indicates that Dr. Peress possessed the minimum of eleven years of qualifying dental professional experience prescribed for appointment in the grade of major and that his original appointment in the grade of captain was in error.

"**3.** Recommend action be initiated to reappoint Captain Peress in the grade of major in accordance with eligibility requirements set forth in SR 140-105-6 and SR 140-105-9."

No cognizance was taken by either Major Van Sickle or Major Kirkland of the fact that Peress was under investigation.

This indorsement was signed by Captain L. Dude, AGC, Assistant Adjutant General, First Army and was dispatched to The Adjutant General, Department of the Army, on 23 September 1953. (It has since been established that Peress was entitled to have been appointed initially in the grade of major under the regulations in effect at the time he was commissioned.)

On 2 October 1953, The Adjutant General, Department of the Army, returned the request to First Army stating that no further examination of the case could be made until the records incident to the initial appointment of Peress were received. The request was again returned to The Adjutant General on 16 October 1953 by First Army with the remark that appointment records of Peress had been forwarded to the Department of the Army on 10 October 1953. The records indicate that no further action was taken on Peress' request for promotion due to the impending review of the records of all Reserve medical personnel for possible automatic adjustment of rank in accordance with Public Law 84, 83d Congress, and appropriate implementing directives.

Accordingly, it became necessary to consider the steps taken in connection with the establishment of this procedure.

"ADJUSTMENT OF RANK"

On 21 May 1953, the Department of Defense established an ad hoc committee to (1) review DOD directives pertinent to the Doctor Draft and (2) submit a proposed directive to consolidate current policies and procedures. This committee was made up of two representatives from each of the three military departments. The Department of the Army representatives were Colonel Coy L. Curtis, Personnel Division, and Major Vernon McKenzie, Office of The Surgeon General. It was necessary for this committee to consider the provisions of Public Law 84, 83d Congress in preparing its report. The pertinent provision with respect to adjustment of rank reads as follows:

"Notwithstanding Subsection 217(c) of the Armed Forces Reserve Act of 1952 (66 Stat. 481) or any other provision of law, * * * (An individual) who *has been* or shall be ordered to active duty * * * as a physician, dentist, or in an allied specialist category * * * *shall*, under regulations prescribed by the President, be appointed, reappointed, promoted to such grade or rank as may be commensurate with his professional education, experience, or ability."

On 6 August 1953, this ad hoc committee forwarded a draft of a proposed directive to the Director of Personnel

Policy, Office of the Assistant Secretary of Defense, which read as follows concerning adjustment of rank:

"Any physician, dentist, or veterinarian now serving on active duty, whether with or without his consent, who would have been entitled to a higher grade than that in which he is now serving if the applicable provisions of this directive or of P. L. 84, 83d Congress, had been in effect at the time of his current appointment will, at the earliest practicable date, be reappointed or promoted to such higher grade *if a board of officers convened by the military department concerned so recommends.*"

This portion of the proposed directive was concurred in by all members of the ad hoc committee.

On 26 August 1953, the Department of the Army's concurrence in the proposed directive submitted by the ad hoc committee was requested. Concurrence was given by the Department of the Army on 4 September 1953. The proposed directive, concurred in by the Department of the Army, included the words italicized above which required board action prior to promotion or grade adjustment.

On 7 October 1953, the Department of Defense issued Directive No. 1205.1 in implementation of Public Law 84, 83d Congress, and the recommendations of the ad hoc committee. However, the wording of the directive was not the same as that recommended by the ad hoc committee or concurred in by the three services. The requirement for board action prior to effecting grade readjustment of medical personnel was not included.

"MANDATORY" RANK

This requirement was deleted because such a requirement would be contrary to Public Law 84, 83d Congress. When it was decided by Congress to change the law and make it mandatory that a person commissioned pursuant to the Act must be appointed or reappointed to a rank based upon his professional education, experience or ability, Congress realized that Subsection 217(c) of the Armed Forces Reserve Act of 1952 required, with certain limited exceptions, that appointments to the grade of lieutenant colonel or commander, and up, could only be affected *through a board of officers.* Therefore, Congress wrote into the Public Law 84, "notwithstanding Subsection 217(c) of the Armed Forces Reserve Act of 1952 (66 Stat. 481) or any other provision of law." The express purpose of this language was to *remove the requirement for a board of officers.* Therefore, it was deemed to be contrary to the statute to require such a board of officers. Accordingly the Department of Defense included in the 7 October 1953 Directive No. 1205.1 the following which provides that *if the individual is otherwise qualified* for appointment it will be done without board action:

"Pursuant to subsection 4(a), Public Law 779–81st Congress, as amended, any person who is otherwise qualified for appointment in a grade higher than major or lieutenant commander will be appointed in such grade without referral of his case to a board of officers convened by the Secretary of the service concerned." Also: "Any physician, dentist or veterinarian now serving on active duty, whether with or without his consent, who would have been entitled to a higher grade than that in which he is now serving if the applicable provisions of this directive or of Public Law 84–83d Congress, had been in effect at the time of his current appointment will, *at the earliest practicable date,* be reappointed or promoted to such higher grade."

Upon receipt of the Department of Defense Directive of 7 October 1953, the Department of the Army moved promptly to carry out its provisions. However, the Office of The Surgeon General, as head of the medical service of the Army, began screening the qualification records of all officers of the medical, dental, and veterinary corps *for medical professional qualifications only.*

On 8 October 1953, Major Vernon McKenzie prepared a memorandum for the Chief, Personnel Division, Department of the Army, indicating the changes the Department of Defense Directive made in the criteria for grade determination of persons being inducted under the provisions of the Doctor Draft Act and requesting dissemination of this information to all commands. It was signed by Colonel R. G. Prentiss. This request was approved and forwarded to The Adjutant General for execution by memorandum prepared by Lt. Colonel Emery E. Hyde, and signed by Colonel Samuel R. Lewis, Personnel Division, for Colonel William P. Wansboro.

OFFICERS' RECORDS REVIEWED

By a second memorandum, also dated 8 October 1953, prepared by Major McKenzie and signed by Colonel Prentiss, The Surgeon General informed the Chief, Personnel Division, Department of the Army, that his office was reviewing the qualification records of officers already commissioned under the provisions of the Doctor Draft Act, as directed by the Department of Defense and requested that The Adjutant General be directed to reappoint those eligible for reappointment under the changed criteria as determined by The Surgeon General, and to inform all commands of the changes occasioned by P. L. 84, 83d Congress, as implemented by the Department of Defense. This second memorandum pertained to the reappointment of officers already commissioned, whereas the first of the same date pertained only to initial commissioning. However, the same proposed message was inclosed with both. Apparently, assuming that both memoranda concerned the same subject and that the latter was, therefore, unnecessary, this second memorandum was returned without action to The Surgeon General on 13 October 1953 by memorandum prepared by Lt. Colonel Hyde and signed by Colonel Wansboro. However, reappointment action by The Adjutant General, as proposed by this second memorandum, was authorized by Lt. Colonel Hyde in conversation with Lt. Colonel B. E. Babcock, Office of The Adjutant General, at the time the initial list of persons eligible for reappointment was received from The Surgeon General by The Adjutant General.

From their qualification records, Major James F. Dolson, MSC, Special Projects Branch, Personnel Division, Office of The Surgeon General, prepared a list of 538 medical officers, 125 dental officers, and 18 veterinary officers considered to be entitled to reappointment under criteria as changed by P. L. 84, 83d Congress, and the Department of Defense Directive referred to above. Upon completion of this list, applicable portions were transmitted to the medical, dental and veterinary corps career management sections, Office of The Surgeon General, for verification. On 14 October 1953, the re-assembled list was transmitted to The Adjutant General by memorandum prepared by Major McKenzie and signed by Colonel H. W. Glattley, Medical Corps, Chief, Personnel Division, Office of The Surgeon General, recommending reappointment of the officers listed thereon to the grades indicated. The name of Peress was on that list.

All plans to screen personnel records for material, other than that relating to medical professional qualifications, which is a primary responsibility of a promotion board, and to coordinate lists through security channels were abandoned in the Department of the Army following receipt of the DOD directive which was interpreted by Army officials *to preclude consideration of anything other than medical professional qualifications.* Neither Major Dolson nor anyone else in the Special Projects Branch, Personnel Division, Office of The

Surgeon General, had knowledge of the derogatory information which had been developed on Peress. This information was, however, available in another branch of the Office of The Surgeon General and would undoubtedly have been discovered had normal promotion screening procedures and safeguards been employed in this group readjustment of rank.

Meanwhile, at the Intelligence Branch at Camp Kilmer, Lt. Col. C. T. Brown addressed a memorandum to the Commanding General, Brigadier General Ralph W. Zwicker, concerning the case. This memorandum dated 21 October 1953, related that Peress was denied access to classified material; that the Post Dental Surgeon had been advised; that Peress had requested that a determination be made of his eligibility under Public Law 84, 83d Congress, for promotion to major; that the Post Adjutant General had been advised of this request; and it included a recommendation that a letter be sent to First Army requesting immediate action to relieve Peress from active duty.

On 21 October 1953 also, General Zwicker sent a letter to the Commanding General, First Army, Lt. General W. A. Burress. The letter contained a summary of the derogatory information on Peress, related previous recommendations to relieve Peress, and concluded that his retention was "clearly not consistent with the interests of national security." The recommendation for relief was reiterated by General Zwicker.

On 23 October 1953, The Adjutant General issued a letter of appointment in the grade of major to Peress. This letter was addressed through the Commanding General, First Army to Peress at Camp Kilmer, New Jersey and was signed by Major James E. Harris for Major General William E. Bergin, The Adjutant General. The letter inclosed an Oath of Office form for execution and return by Peress. First Army forwarded these documents by separate letter on 29 October 1953 to the Commanding Officer, U. S. Army Hospital, Camp Kilmer for necessary action.

On 27 October 1953, in the Department of the Army in Washington, the interrogatory completed by Peress on 25 August 1953 was incorporated in the file of Peress in the Disposition Section of the Intelligence Division. Two days later this section started action leading to preparation of a summary of the Peress file to be used by the Personnel Division of the Army Staff.

"REAPPOINTMENT TO MAJOR"

Peress executed the oath of office as major on 2 November 1953. The oath was administered by Major Herbert F. Bordeau, MSC, Chief, Personnel Division, Headquarters U. S. Army Hospital, Camp Kilmer. This Oath of Office was returned to First Army through the Commanding General, Camp Kilmer, that same date and forwarded to The Adjutant General by First Army on 19 November 1953. (It should be noted that Peress' reappointment to major was contained in the group readjustment of rank and was completely independent of his letter request of 9 September 1953 for such action.)

On 3 November 1953, General Burress visited Camp Kilmer where General Zwicker again brought up the matter of Peress and informed him of Peress' reappointment to major on orders from Washington and opposed this action. General Burress immediately telephoned his Chief of Staff, Major General John B. Murphy, requesting him to look into Peress' reappointment right away.

On the same day, General Murphy talked with Colonel C. O. Brunner, Chief of Staff at Camp Kilmer, to discuss the matter. General Murphy stated he would draft a letter to Washington for signature by General Burress.

General Murphy also had Colonel D. H. Smith, Personnel Division, First Army, telephone the Personnel Division, Department of the Army on this matter on 3 November 1953.

Colonel Smith asked the reasons for Peress' reappointment as major in the face of three recommendations for separation and was advised by Lt. Colonel B. E. Babcock, Reserve Branch, Office of The Adjutant General, that the reappointment was authorized by the Department of Defense directive. Colonel Smith was then referred to Major Dolson, Office of The Surgeon General, who informed him that the reappointment was an administrative adjustment of rank based solely on years of professional experience, but that other material on file would have been considered had the Department of Defense permitted a board of officers to pass on the reappointments.

Also, late on 3 November 1953, General Zwicker again wrote General Burress and discussed the Peress case among other things.

A personal letter dated 6 November 1953 was sent by General Burress to the Vice Chief of Staff in Washington, General Charles L. Bolte. An outline of the actions taken in the case in First Army was set forth in the letter. This letter noted that Peress' grade readjustment had been handled in personnel channels and without knowledge of intelligence personnel. The following paragraph taken from that letter expressed the views of General Burress in this matter:

> "I have taken the liberty of writing to you personally about this case, believing that you should know about it in view of its obvious implications. It also seems to me that this order for adjustment of grade should be revoked if it is possible to do so, and that PERESS should be separated from the Army as soon as this can be accomplished."

On 10 November 1953, General Bolte sent the letter from General Burress to the Personnel branch of the Army staff for necessary action in conjunction with the staff intelligence branch.

On 13 November 1953, a special summary of the case, which had been prepared in the Intelligence Division of the Department of the Army, was sent to the Personnel Division at request of the latter.

On 18 November 1953, the recommendations of the Intelligence Division for elimination and termination of Peress' commission were sent to the Personnel Division. In the latter branch on the same day the case was sent to The Adjutant General for referral to the Army Personnel Board. The case as forwarded had been prepared by Lt. Col. George B. Moore. It was sent over the signature of Colonel Gerald G. Epley, Chief, Personnel Actions Branch.

The Army Personnel Board was established as an advisory board on personnel matters within the Office of the Secretary of the Army. The membership is composed of general officers with long experience in the handling of personnel matters. The case was referred to this board for consideration and recommendation as to whether:

1. Peress should be designated substandard and relieved from active duty with the first increment of the involuntary release program, or
2. Released with later increments of the involuntary release program, or
3. Eliminated through proceedings before a board of inquiry, or
4. Retained on active duty.

"POSSIBLE SECURITY RISK"

Attention of the board was invited to the fact that Peress was a possible security risk and that First Army and The Surgeon General had recommended his removal from the service.

On 20 November 1953, the Recorder of the Board, Lt. Col.

Lowell L. Forbes presented the case to the Board. The Board members were:

Major General Miller B. White, President
Major General Daniel B. Strickler
Brigadier General Frank C. McConnell

Colonel Forbes suggested the action numbered 1, above, as "best of alternative actions (gets him out soonest)" with his "commission automatically terminated by law." It was his opinion that "in no event should he (Peress) remain on active duty longer than necessary."

The Army Personnel Board concurred with this suggestion. It considered action by a Board of Inquiry to be time consuming and expensive. The Army Personnel Board recommended "relief from active duty under the involuntary release program with concurrent termination of Peress' Reserve commission without board action." The case was returned to the Personnel Division of the Army Staff by Lieutenant Colonel Forbes on 23 November 1953.

RELIEF FROM ACTIVE DUTY

On 25 November 1953, Lt. Col. Moore of the Personnel Division prepared a memorandum to the Chief of Staff of the Army on the case stating that "determination was made to relieve Peress from active duty after completion of twelve months service under the involuntary release program since after that length of service his commission may be revoked as a special registrant, (Doctor Draft) under Section 4, UMT&S Act, as amended." This memorandum had attached a reply to General Burress' letter of 6 November 1953 for signature of General Bolte. The memorandum was signed by Major General Robert N. Young, Chief, Personnel Division, Army General Staff.

On 4 December 1953, the Personnel Division was advised that the Deputy Chief of Staff (Operations and Administration), Lieutenant General Walter L. Weible desired that the following material be sent to him on the case:

"1. File of subject officer and the recommendations of the Army Personnel Board be forwarded with this case.

"2. Include with the case copies and Forms 98, 98a, and DD Form 398, and mark the area that subject officer claimed constitutional privileges.

"3. Include present DA policy and DD policy to cover cases of this sort."

On 12 December 1953, a memorandum forwarded the requested material to General Weible. The memorandum repeated the recommendation in the 25 November 1953 memorandum and was prepared by Lt. Col. Moore of the Personnel Division and signed by Brigadier General Herbert B. Powell, Deputy to Major General Robert N. Young. This memorandum was concurred in by Major W. R. Buelow, Intelligence Division, Department of the Army.

Upon reviewing the case once more General Weible was of the opinion that in view of the nature of the case he required additional verification of the legality of the proposed course of action as recommended. Accordingly, the file was sent by him to the Office of the Judge Advocate General on 21 December 1953 for examination and return by 23 December 1953.

Under date of 23 December 1953 concurrence for the Judge Advocate General was given by Colonel Stanley W. Jones and the file was sent to General Weible for the third time with no changes in the original recommendations of 25 November 1953.

Another review of the case and of the staff recommendations by General Weible at this time caused him to pass the case with his approval of those recommendations. On 30 December 1953 the action recommended was approved by the Vice Chief of Staff, General Charles L. Bolte. On the next day General Bolte addressed a personal letter to Lieutenant General Burress, Commanding General, First Army, to inform him that Peress would be relieved from active duty under the Involuntary Release Program as "the most expeditious appropriate means of returning Major Peress to civilian status."

DD Form 390, executed by Peress, was not in the file being reviewed by the officials considering the most appropriate means of effectuating Peress' separation from the service. Having served their initial purpose in connection with his appointment in October 1952, the three copies of the DD Form 390 were distributed by First Army in accordance with applicable regulations—one copy was returned to the Local Draft Board, Forest Hills, L.I., New York; one copy was sent to The Adjutant General for transmittal to The Surgeon General; and one copy was retained in the First Army. In accordance with the then established procedures the copy furnished to the Department of the Army was retained in the Office of The Surgeon General and was not returned for inclusion in the official personnel file of Peress, which was maintained by The Adjutant General, until after he was discharged. (On 2 April 1954, the procedures were changed to require that, upon completion of review of the DD Form 390, The Surgeon General would return the form to The Adjutant General for incorporation in the official personnel file of the individual to whom it pertains. The procedures were also subsequently changed on 9 August 1954 to eliminate the referral to The Surgeon General for review. Upon receipt by the Department of the Army the form is now placed immediately in the officer's official personnel file.)

By letter of 6 January 1954, which was signed by Captain Albert Robichaud for Lt. Col. Ronald F. Thomas, Counter Intelligence Division, First Army, Brigadier General Zwicker was informed of the content of General Bolte's letter of 31 December 1953 to General Burress.

DISCHARGE DIRECTED

In a memorandum dated 11 January 1954, which was prepared by Lt. Col. G. B. Moore and signed by Lt. Col. Arthur W. Allen for Colonel Gerald G. Epley of the Personnel Division, The Adjutant General was directed to take the necessary action to:

(1) "Relieve from active duty Major Irving Peress, 0-1893643, DC, upon completion of 12 months' active military service, granting officer up to 90 days' notice if he so desires."

(2) "Discharge Major Peress from his commission under the provisions of Sec. 4(b), P.L.84, 83d Congress, as amended" and

(3) "Ensure that Major Peress (a) is not permitted to retain his commission at the transfer point at his request and (b) that he is never recommissioned."

These instructions were in accordance with the recommendations of the Army Personnel Board and the 30 December 1953 decision of the Vice Chief of Staff, General Bolte.

The authority for granting Peress up to 90 days notice of his separation is contained in a Department of the Army letter to all major commanders, dated 11 September 1953, subject "Involuntary Relief from Active Duty of Non-Regular Officers," which states in part:

"Orders directing separation will provide for relief from active duty 90 days following notification unless the individual concerned requests an earlier release date."

In compliance with the foregoing instruction, The Adjutant General by letter of 18 January 1954, signed by CWO R. C. McDaniel, directed First Army to relieve Peress from active duty and honorably discharge him from the Army at the

earliest practicable date. Applicable portions of the letter are quoted as follows:

"1. It is desired that Major Irving Peress, O1893643, DC, be relieved from active duty and honorably discharged from the Army at the earliest practicable date depending on officer's desires, but in any event not later than 90 days from date of receipt of this letter.°°

"4. All commissions held by him will be terminated on effective date of discharge and he will not be tendered a reappointment in the USAR except by authority of the Department of the Army.°°

"5. Officer will not be separated prior to determination that he is physically qualified for separation by your headquarters. A prompt report will be made to this office in the event action cannot be taken without undue delay."

By letter of 21 January 1954, signed by Lt. Col. J. G. Basbas, First Army directed Camp Kilmer to comply with these instructions.

ARMY DEPARTMENT'S ORDER

On 21 or 22 January 1954, Mr. Anastos, an investigator from the McCarthy subcommittee staff called Brigadier General Zwicker and said that he understood that there was a major at Camp Kilmer who was under investigation and that he, Anastos, would like his name. General Zwicker returned the call and contacting Mr. Anastos stated that he believed the name of the person to whom Anastos referred in his call is Major Peress. On 23 January 1954 General Zwicker again called Mr. Anastos and told him that he had just received a Department of the Army order, dated 18 January 1954, directing the separation of Major Peress.

Major Peress signed a statement on 25 January 1954 acknowledging receipt of the notice of his release from active duty and electing to be released on 31 March 1954.

On 28 January 1954 Mr. John Adams, Department Counselor, Department of the Army, received a request from a staff member of the Senate Subcommittee on Investigations that he arrange for the appearance of Peress before that subcommittee in New York on 30 January 1954. Mr. Adams states that he was of the opinion at that time that Peress had already been discharged until he learned that day for the first time of the 90 day election period.

Mr. Adams states that he had been called at his home on 3 January 1954 by Mr. Roy Cohn of the staff of the McCarthy subcommittee; that Mr. Cohn informed Mr. Adams that the subcommittee had some derogatory information on a doctor or dentist who was a major at Camp Kilmer and that the next day Mr. Adams sent a memorandum concerning that call to the Chief of the Intelligence Division, Major General Arthur G. Trudeau. General Trudeau later that day advised Mr. Adams that the officer undoubtedly was Peress whose discharge had been directed and was about to be processed. Mr. Adams states that he furnished this advice to Mr. Cohn within a few days without revealing Peress' name.

Mr. Adams states that since he had been informed on 4 January that Peress was to be discharged as a possible security risk he felt the Army should have been rid of him as soon as possible. Accordingly, about noontime on 28 January 1954 he requested G-2 to secure information as to whether Peress had been discharged and, if not, whether he could be discharged by 29 January 1954. Mr. Adams stated that it was his thought to have Peress in civilian status if possible when appearing before the McCarthy subcommittee on 30 January 1954.

Mr. Adams stated that he learned that Peress had not been discharged. He also stated that when he learned that day for the first time of the 90 days election period granted by the 11 September 1953 Department of the Army letter, upon being informed that Peress had selected 31 March 1954 as his discharge date, he dropped his efforts to accomplish Peress' separation prior to Peress' appearance before the subcommittee.

At 4 P.M. on 28 January 1954 Mr. Adams relayed the request for the appearance of Peress to General Zwicker at Camp Kilmer by telephone. General Zwicker notified Peress at 8:15 A.M. on 29 January of the request. Also at that time General Zwicker granted Peress permission to wear civilian clothes and be absent from duty on 30 January 1954.

Peress appeared before the McCarthy subcommittee in New York City on 30 January 1954 in accordance with the request made upon Mr. Adams.

General Weible having handled the matter previously and having directed staff action to insure that the recommended discharge was the proper course, requested information that evening on:

(1) whether there was any new evidence to be considered, and

(2) whether there was any evidence available to support the inferences contained in Senator McCarthy's letter as to possible subversive activities by Peress at Camp Kilmer.

During a conference between General Weible and Mr. Adams a conclusion was reached that the answers to both these inquiries were in the negative. Accordingly, there existed no basis for reconsideration of the case. General Weible, therefore, with Mr. Adams concurring, decided to adhere to the previously approved staff course of action, i.e., get Peress out of the service as expeditiously as possible.

On 2 February 1954 at 2:00 P.M. Peress was given an honorable discharge and his commission in the Army Reserve was irrevocably terminated. The discharge document given Dr. Peress at Camp Kilmer, New Jersey, in accordance with Department of the Army instructions of 18 January 1954, was signed by Major John J. MacManus.

RELEASE DATE CHANGED

On 1 February 1954 during the morning Peress requested that the date of his election for relief from active duty be changed from 31 March 1954 to provide for an immediate discharge. This was explicitly authorized by regulations.

General Zwicker at approximately 9:30 A.M. on 1 February 1954 telephoned Major General John B. Murphy, Chief of Staff, First Army, in New York to inform him of this request. He advised General Murphy that, in consonance with the decision of the Department of the Army to release Peress as soon as possible, he had informed Peress that his discharge would be effected by 2:00 P.M., 2 February 1954.

Lt. Colonel Moore, Personnel Division, Department of the Army, called Colonel Donald H. Smith, Chief Personnel Division, First Army, in the morning of 1 February 1954 to learn the status of Peress' discharge. Brigadier General H. B. Powell, Deputy Chief, Personnel Division, Department of the Army, believes that this call was directed by him. While General Powell is not certain it is his impression that this information was furnished to Mr. Adams.

Later that morning Colonel Smith called Lt. Col. Moore in Washington to tell him that he had since learned that Peress had requested an immediate release at Camp Kilmer and was scheduled for release by 2:00 P.M. the next day, 2 February 1954. Colonel Smith stated that General Zwicker had called General Murphy at 9:30 that morning on the matter. He also told Lt. Col. Moore that Peress' separation had been recommended by First Army long before the grade adjustment of Peress had been effected.

In the afternoon of 1 February 1954, Colonel C. O. Bruce, Military Assistant to the Secretary of the Army, received a telephone call from the office of Senator Joseph R. McCarthy. The colonel was informed that a letter to the Secretary of

the Army was being sent to his office by messenger and that the contents of the letter were being released to the press services.

Sometime after 4:00 P.M. Colonel Bruce received the letter. He took it to the office of Mr. Adams, the Department Counselor, between 4:30 and 5:10 P.M.

At or about 5:10 P.M. Mr. Adams took the Senator's letter to the Deputy Chief of Staff for Operations and Administration, Lt. Gen. Weible. There were extended discussions between General Weible and Mr. Adams in the evening of 1 February during which General Weible learned of the pending discharge date of 2 February 1954 for Peress.

Service History of Department of the Army Personnel Mentioned in the Chronology

(Histories current as of 22 November 1954)

John Adams—Mr. Adams has completed over three years of active military service and 16 years of non-active service; is a graduate of the Command and General Staff School; has been awarded the Bronze Star Medal; served in North Africa, the Mediterranean and Europe during World War II; was relieved from active duty in January 1946 as a Major, and was promoted to the grade of Lt. Col. USAR in August of 1950; he was chief clerk of the Senate Armed Services Committee during the 80th Congress and acted as deputy general counsel of the Department of Defense prior to assuming his current duties as Department Counselor.

Lt. Col. Arthur W. Allen—Lt. Col. Allen has completed over 15 years of active military service, is a graduate of the U. S. Military Academy, the Command and General Staff School, the Armored Officers' Advanced Course, and the Armed Forces Staff College; has been awarded the Legion of Merit and the Bronze Star Medal with one Oak Leaf Cluster; served in Europe during World War II; and has a Top Secret security clearance.

Major James D. Anders—Major Anders has completed over 11 years of active military service; is a graduate of the Advanced Infantry Officers' Course and the Strategic Intelligence School; has been awarded the Silver Star Medal and the Bronze Star Medal; served in the Mediterranean Theater during World War II; and has a Top Secret security clearance.

Lt. Col. Bernard E. Babcock—Lt. Col. Babcock has completed over 14 years of active military service; is a graduate of the Command and General Staff College; has been awarded the Legion of Merit and the Bronze Star Medal; served in the Far East during World War II and the Korean emergency; and has a Top Secret security clearance.

Lt. Col. James G. Basbas—Lt. Col. Basbas has completed over 27 years of active military service; has the educational equivalent to The Adjutant General's School Advanced Course and to the Command and General Staff School; has been awarded the Bronze Star Medal with one Oak Leaf Cluster and the Commendation Ribbon with Metal Pendant; served in the Middle East and in Europe during World War II and in Korea during the hostilities there; and has a Top Secret security clearance.

Captain Einar Berge—Captain Berge has completed over 8 years of active military service; has been awarded the Bronze Star Medal; served in Korea during the recent hostilities there; and has a Top Secret security clearance.

Major General William E. Bergin—General Bergin had completed over 36 years of active military service at the time of his retirement on 31 May 1954; is a graduate of the Command and General Staff School and has the additional equivalent to the National War College; has been awarded the Distinguished Service Medal, the Legion of Merit and the Commendation Ribbon with Metal Pendant; served in the China-Burma-India Theater during World War II; and had a Top Secret security clearance at the time of his retirement.

General Charles L. Bolte—General Bolte has completed over 37 years of active military service; is a graduate of the Command and General Staff School and the Army War College; has been awarded the Distinguished Service Medal, the Silver Star for gallantry in action near Bologna, Italy, on 20 April 1945, the Legion of Merit, and the Purple Heart; commanded the 34th Infantry Division in Italy, the unit which cracked the historic Gothic Line of the German Defense in September 1944; and has a Top Secret security clearance.

Major Herbert F. Bordeau—Major Bordeau has completed over 15 years of active military service and 10 years of non-active service; was promoted to the grade of Lieutenant Colonel on 16 November 1954; served in Europe during World War II and in the Far East during the first year of the Korean conflict; and has a Secret security clearance.

Major Arthur E. Britt—Major Britt has completed over 13 years of active service; is a graduate of the Advanced Officers' Course, Medical Field Service School; has been awarded the Bronze Star Medal with Oak Leaf Cluster; served in the European Theater during World War II; and has a Top Secret security clearance.

Lieutenant Colonel Chester T. Brown—Lt. Col. Brown has completed over 16 years of active military service and 14 years of non-active service; is a graduate of the Command and General Staff School; has been awarded the Bronze Star Medal; served in Europe during World War II and in Korea during the hostilities there; and has a Top Secret security clearance.

Colonel Charles O. Bruce—Colonel Bruce has completed over 18 years of active military service; is a graduate of the Medical Field Service School; has been awarded the Legion of Merit, and the Commendation Ribbon with Metal Pendant; served in the Mediterranean and European Theaters of operations during World War II; and has a Top Secret security clearance.

Colonel Clarence O. Brunner—Colonel Brunner has completed over 20 years of active military service and 7 years of non-active service; has been awarded the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal with 2 Oak Leaf Clusters, and the Commendation Ribbon with Metal Pendant; served in Europe during World War II and in Korea during the hostilities there; and has a Top Secret security clearance.

Major Wallace R. Buelow—Major Buelow has completed over 12 years of active military service, is a graduate of the Command and General Staff College, has been awarded the Bronze Star Medal, served in Europe during World War II, and has a Top Secret security clearance.

Lieutenant General Withers A. Burress—Lt. Gen. Burress has completed over 37 years of active military service; is a graduate of the Command and General Staff School and the Army War College; was awarded the Distinguished Service Medal for service as Commanding General of the 100th Infantry Division in Europe during World War II, the Silver Star for gallantry in action near Neckargartach, Germany, on 5 April 1945, the Legion of Merit, and the Bronze Star Medal with Oak Leaf Cluster; and has a Top Secret security clearance.

Brigadier General Egbert W. Cowan—Brig. Gen. Cowan had completed over 36 years of active military service at the

time of his retirement in May of 1954; he served in the Mediterranean and North African theaters during World War II; he had a Top Secret security clearance prior to his retirement.

Lieutenant Colonel Clifton Crumm—Lt. Col. Crumm has completed over 27 years of active military service; is a graduate of the Command and General Staff School; and has a Top Secret security clearance.

Colonel Coy L. Curtis—Colonel Curtis has completed over 17 years of active military service; is a graduate of the United States Military Academy, Command and General Staff College, and the Armed Forces Staff College; has been awarded the Silver Star, the Bronze Star Medal, and the Commendation Ribbon with Metal Pendant; served in the European Theater of operations during World War II; and has a Top Secret security clearance.

Major James F. Dolson—Major Dolson has completed over 7 years of active military service and 4 years of non-active service; has been awarded the Bronze Star Medal, served in the Pacific during World War II and in Korea during the recent hostilities there; and has a Top Secret security clearance.

Captain Ludwig Dude—Captain Dude has completed over 14 years of active military service; is a graduate of the Counter Intelligence Corps School; and has a Top Secret security clearance.

Colonel Gerald G. Epley—Colonel Epley has completed over 22 years of active military service; is a graduate of the U. S. Military Academy, the Infantry School, the Command and General Staff School, and the Army War College; has been awarded the Legion of Merit, the Bronze Star Medal for valor, and the Commendation Ribbon with Metal Pendant; served in the Far East following World War II and in Korea during the hostilities there; and has a Top Secret security clearance.

Lieutenant Colonel Lowell L. Forbes—Lt. Col. Forbes had completed over 13 years of active military service and 9 years of non-active service at the time of his retirement on 31 January 1954; he served in the Southwest Pacific during World War II; and he had a Top Secret security clearance up to the time of his retirement.

1st Lieutenant Alfred M. Gade—1st Lt. Gade has completed over 9 years of active military service and 2 years of non-active service, was promoted to the grade of Captain in September 1954, served in the CBI during World War II, and has a Secret security clearance.

Colonel Harold W. Glattley—Col. Glattley has completed over 28 years of active military service; has the educational equivalent to graduation from the Armed Forces Staff College; has been awarded the Silver Star with one Oak Leaf Cluster, the Legion of Merit, the Bronze Star Medal and the Commendation Ribbon with Metal Pendant; was Surgeon of the U. S. Forces on Bataan, Philippine Islands at the time of the fall of the Philippines; was a prisoner of war of the Japanese during which time he was a leading U. S. surgeon in various prisoner of war camps; and has a Top Secret security clearance.

Major James E. Harris—Major Harris had completed over 25 years of military service prior to his retirement on 31 August 1954; he had been awarded the Commendation Ribbon with Metal Pendant; he served in the European Theater during World War II and in the Far East during the recent hostilities in Korea; and he had a Top Secret clearance prior to his retirement.

Lieutenant Colonel Gunnar H. Hage—Lt. Col. Hage has completed over 14 years of active military service, is a graduate of the Command and General Staff School and of the Armed Forces Staff College; has been awarded the Bronze Star Medal and the Commendation Ribbon with Metal Pendant; served in Korea during the recent hostilities there; and has a Top Secret security clearance.

Lieutenant Colonel Emery E. Hyde—Lt. Col. Hyde has over 12 years of active military service and 11 years of non-active service; is a graduate of the Armed Forces Staff College; served in the North African and Mediterranean Theater Campaigns during World War II; and has a Top Secret security clearance.

Colonel Wendell G. Johnson—Col. Johnson had completed over 31 years of active military service at the time of his retirement on 30 September 1954; he is a graduate of the U. S. Military Academy and the Command and General Staff School; he has been awarded the Legion of Merit with one Oak Leaf Cluster; served as military attache in Chile and in Spain during World War II; and he had up until the time of his retirement a Top Secret security clearance.

Colonel Stanley W. Jones—Col. Jones had completed over 25 years of active military service; is a graduate of the U. S. Military Academy; has been awarded the Legion of Merit, the Bronze Star Medal, and the Commendation Ribbon with Metal Pendant with Oak Leaf Cluster; served as Judge Advocate of the Ninth Army in Europe during World War II; was promoted to Brigadier General on 5 October 1954; and has a Top Secret security clearance.

Major Curtis R. Kirkland—Major Kirkland had completed over 16 years of active military service at the time of his separation on 2 April 1954; served in the Southwest Pacific during World War II; has been awarded the Bronze Star Medal with one Oak Leaf Cluster; and had a Top Secret security clearance during the time of his handling of the Peress case.

CWO Joseph T. LaMarca—CWO LaMarca has completed over 14 years of military service; served in North Africa and Europe during World War II; was relieved from active duty on 31 August 1954 and re-enlisted as a Master Sergeant on 1 September 1954; and has a Top Secret security clearance.

Colonel Ruluff F. Leverich—Col. Leverich has completed over 13 years of active military service and 11 years on non-active duty; has been awarded the Commendation Ribbon with Metal Pendant; served in the Far East during the Korean hostilities; and has a Secret security clearance.

Colonel Samuel R. Lewis—Col. Lewis has completed over 24 years of active military service and has been awarded the commendation ribbon with metal pendant, with one oak leaf cluster; served in Europe during World War II; and has a Top Secret security clearance.

Captain Charles A. Lyon—Captain Lyon has completed over 26 years of active military service, was promoted to the grade of Major in April 1953, and was released from active duty on 1 February 1954. He is now serving as a Master Sergeant at the Presidio of San Francisco, California; and has a Secret security clearance.

Brigadier General Frank C. McConnell—Brig. Gen. McConnell has completed over 32 years of active military service; is a graduate of the Command and General Staff School; has been awarded the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal, and the Air Medal; served in the Southwest Pacific during World War II and in the Far East during the Korean emergency; was designated as a principal delegate to the United Nations Command Armistice Delegation in Korea in 1952; and has a Top Secret security clearance.

CWO Robert C. McDaniel—CWO McDaniel has completed over 13 years of active military service; has been awarded the Commendation Ribbon with Metal Pendant; and has a Top Secret security clearance.

Major Vernon McKenzie—Major McKenzie has completed over 13 years of active military service; served in the India-Burma Theater during World War II; and has a Top Secret security clearance.

Major John J. McManus—Major McManus had completed over 11 years of active military service and 14 years of non-active duty at the time of his release from active duty on 4 No-

vember 1954; has been awarded the Bronze Star Medal; served in the Far East Command during World War II and in Korea during the recent hostilities there; had a secret clearance up until the time of his relief from active duty.

Captain Charles F. Maxwell—Captain Maxwell has completed over 12 years of active military service; is a graduate of the Counter Intelligence Corps School and the Provost Marshal General's School; was promoted to the grade of Major on 17 April 1953; served in the India-Burma Theater during World War II; and has a Top Secret security clearance.

Lieutenant Colonel William P. Meredith—Lt. Col. Meredith has completed over 10 years of active military service and 9 years of non-active service; is a graduate of the Command and General Staff College and the Strategic Intelligence School; has been awarded the Bronze Star Medal; served in the Far East during World War II; and has a Top Secret security clearance.

Lieutenant Colonel George B. Moore—Lt. Col. Moore has completed over 12 years of active military service; is a graduate of the U. S. Military Academy and the Command and General Staff School; has been awarded the Silver Star for gallantry in action in Tunisia during 1943, the Bronze Star Medal with 2 Oak Leaf Clusters for valor, and the Purple Heart; and has a Top Secret security clearance.

Captain Armand E. Moreda—Captain Moreda has completed over 14 years of active military service; has been awarded the Bronze Star Medal; and has a Top Secret security clearance.

Major General John B. Murphy—Maj. Gen. Murphy has completed over 36 years of active military service; is a graduate of the U. S. Military Academy, the Command and General Staff School, and has the educational equivalent to the National War College; has been awarded the Silver Star for gallantry in action at Bitche, France, on 16 December 1944, the Legion of Merit, the Bronze Star Medal with Oak Leaf Cluster, and the Commendation Ribbon with Metal Pendant; was promoted to the grade of Major General on 6 November 1953; and has a Top Secret security clearance.

Colonel Willis A. Perry—Col. Perry has completed over 24 years of active military service; is a graduate of the U. S. Military Academy, the Command and General Staff School, the National War College; and has the educational equivalent to the Armed Forces Staff College; has been awarded the Legion of Merit; and has a Top Secret security clearance.

Brigadier General Herbert B. Powell—Brig. Gen. Powell has completed over 28 years of active service; is a graduate of the Command and General Staff School and the National War College; has been awarded the Distinguished Service Cross, the Silver Star, the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal with 2 Oak Leaf Clusters, the Air Medal, the Commendation Ribbon with Metal Pendant, and the Purple Heart; served as Chief of Staff of one of the Infantry Divisions in the European Theater during World War II and commanded the 17th Infantry Regiment in Korea at the time that unit spearheaded the advance to the Manchurian Border, becoming the only U. S. unit to reach the Yalu River; and has a Top Secret security clearance. He was promoted to Major General on 1 October 1954.

Colonel Roger G. Prentiss, Jr.—Col. Prentiss has completed over 26 years of active military service; has been awarded the Legion of Merit; and has a Top Secret security clearance.

Major William O. Prettyman, Jr.—Major Prettyman has completed over 13 years of active military service; has the educational equivalent to the Medical Field Service School; served in Europe during World War II; and has a Top Secret security clearance.

Captain Albert Robichaud—Captain Robichaud has completed over 12 years of active military service; is a graduate of the Counter Intelligence Corps School; has been awarded the Bronze Star Medal with one Oak Leaf Cluster; served both in Europe and in the China Theater during World War II and in the Far East during the Korean hostilities; and has a Top Secret security clearance.

Colonel Donald H. Smith—Colonel Smith has completed over 13 years of active military service; is a graduate of the Command and General Staff College; has been awarded the Bronze Star Medal and the Purple Heart; served in the Mediterranean Theater during World War II and in the Far East during the Korean conflict; and has a Top Secret security clearance.

Major General Daniel B. Strickler—Maj. Gen. Strickler has completed over 11 years of active military service and 26 years of non-active service; is a graduate of the Command and General Staff School; has been awarded the Silver Star with Oak Leaf Cluster, the Legion of Merit, the Bronze Star Medal with Oak Leaf Cluster for valor, and the Purple Heart; served as a battalion and regimental commander in Europe during World War II and later commanded an Infantry Division in Europe; and has a Top Secret security clearance.

Lieutenant Colonel Ronald F. Thomas—Lt. Col. Thomas has completed over 14 years of active military service and 12 years of non-active service; is a graduate of the Command and General Staff School and the Counter Intelligence Corps School; has been awarded the Bronze Star Medal; was a Battalion commander in Europe during World War II, and has a Top Secret security clearance.

Major General Arthur G. Trudeau—Maj. Gen. Trudeau has completed over 30 years of active military service; is a graduate of the United States Military Academy, the Engineer School, the Command and General Staff School, and the Army War College, and has the educational equivalent of the Command and General Staff College, the Armed Forces Staff College, and the National War College; has been awarded the Distinguished Service Medal with one Oak Leaf Cluster, the Silver Star Medal with one Oak Leaf Cluster for gallantry in action on 12 April 1953, and 8 July 1953 near Sokkagae, Korea, the Legion of Merit, the Bronze Star Medal, the Air Medal and the Commendation Ribbon with Metal Pendant; has served in the Western Pacific during World War II and as Commanding General, 7th Infantry Division in Korea during the recent hostilities there; and has a Top Secret security clearance.

Colonel O. Elliot Ursin—Col. Ursin has completed over 15 years of active military service; is a graduate of the Command and General Staff School; has been awarded the Bronze Star Medal and the Commendation Ribbon with Metal Pendant; served in the Southwest Pacific during World War II; and has a Top Secret security clearance.

Captain Floyd E. Van Sickle, Jr.—Captain Van Sickle has completed over 14 years of active military service, has been awarded the Commendation Ribbon with Metal Pendant, served in the Pacific Ocean Area during World War II, was promoted to the grade of major in May of 1953, and has a Top Secret security clearance.

1st Lieutenant William L. Vinette—1st Lt. Vinette has completed over 7 years of active military service; and one year of non-active service; is a graduate of The Adjutant General's Advanced Officers Course; was promoted to the grade of Captain on 16 September 1954; and has a Secret security clearance.

Captain Howard Wagner—Captain Wagner has completed over 15 years of military service; has been awarded the Commendation Ribbon with Metal Pendant; served in Europe during World War II; and has a Top Secret security clearance.

Colonel William P. Wansboro—Colonel Wansboro has completed over 16 years of active military service; is a graduate of the U. S. Military Academy and the Army War Col-

lege; has been awarded the commendation ribbon with metal pendant, served in Europe during World War II; and has a Top Secret security clearance.

Lieutenant General Walter L. Weible—General Weible has completed over 36 years of active military service; is a graduate of the Coast Artillery School, the Chemical Warfare School, the Command and General Staff School, the Army War College, the Army Industrial College, and has the educational equivalent to the National War College; has been awarded the Distinguished Service Medal with one Oak Leaf Cluster, the Legion of Merit, the Bronze Star Medal, and the Commendation Ribbon with Metal Pendant; served in the Pacific during the last few months of World War II and in the Far East during the Korean conflict; and has a Top Secret security clearance.

Major General Miller B. White—General White has completed over 18 years of active military service and 15 years of non-active service; is a graduate of the Command and General Staff School; has been awarded the Distinguished Service Medal with Oak Leaf Cluster and the Purple Heart; served as Director of Personnel, War Department General Staff and also in the Mediterranean Theater during World War II; and has a Top Secret security clearance.

Lieutenant Colonel Eric E. Winn—Lt. Col. Winn had completed over 29 years of active military service at the time of his retirement on 30 September 1954; is a graduate of the Counter Intelligence Corps School and the Strategic Intelligence School; served in Europe during World War II and in the Far East during the latter part of the Korean conflict; and had a Top Secret security clearance at the time of his retirement.

Major General Robert N. Young—General Young has completed over 31 years of active military service; is a graduate of the Command and General Staff School and has the educational equivalent to the National War College; has been awarded the Distinguished Service Medal with one Oak Leaf Cluster, the Silver Star for gallantry in action in France on 30 January 1945, the Legion of Merit, the Bronze Star Medal with one Oak Leaf Cluster, and the Purple Heart; served in Europe during World War II and commanded the 2d Infantry Division in Korea; and has a Top Secret security clearance.

Brigadier General Ralph W. Zwicker—General Zwicker has completed over 27 years of active military service; he is a graduate of the U. S. Military Academy, the Naval War College and the National War College; he has been awarded the Silver Star for gallantry in action on the coast of Normandy on 6 June 1944, the Legion of Merit with Oak Leaf Cluster, the Bronze Star Medal with two Oak Leaf Clusters, and the Commendation Ribbon with Metal Pendant; he commanded an infantry regiment in combat during World War II and was later made Chief of Staff of one of the infantry divisions in Europe; and he has a Top Secret security clearance.

RESOLUTION OFFERED BY SENATOR DANIEL

On January 10, Senator Price Daniel (Dem.), of Texas, introduced a resolution on the floor of the Senate. The following excerpts from the Congressional Record include names of the cosponsors, text of the resolution—later adopted by 84 to 0—and Senator Daniel's remarks:

Senator Daniel: Mr. President, on behalf of myself and 53 other Senators, I submit for appropriate reference a resolution expressing the sense of the Senate on the need for continuing vigorous and diligent investigation of the Communist conspiracy and subversion . . .

° ° °

Mr. Daniel (for himself, Mr. Byrd, Mr. McClellan, Mr. Clements, Mr. Saltonstall, Mr. Mansfield, Mr. Payne, Mr. Schoeppel, Mr. Jackson, Mr. Holland, Mr. Ervin, Mr. Chavez, Mr. Thye, Mr. Cotton, Mr. Mundt, Mr. Eastland, Mr. Bush, Mr. Hennings, Mr. Bible, Mr. Symington, Mr. Fulbright, Mrs. Smith of Maine, Mr. Long, Mr. Kerr, Mr. Scott, Mr. Case of South Dakota, Mr. Johnston of South Carolina, Mr. Barrett, Mr. Young, Mr. Dirksen, Mr. Potter, Mr. Thurmond, Mr. Purtell, Mr. Goldwater, Mr. Watkins, Mr. Kuchel, Mr. Kennedy, Mr. Smathers, Mr. Frear, Mr. Bennett, Mr. Murray, Mr. Pastore, Mr. Carlson, Mr. McCarthy, Mr. Monroney, Mr. Neuberger, Mr. Humphrey, Mr. Martin of Pennsylvania, Mr. Capehart, Mr. Morse, Mr. Magnuson, Mr. Stennis, Mr. Robertson, and Mr. Ellender).

TEXT OF RESOLUTION

Resolved, That the Communist Party of the United States is recognized to be a part of the international Communist conspiracy against the United States and all democratic forms of government. It is the sense of the Senate that its appropriate committees should continue diligently and vigorously to investigate, expose, and combat this conspiracy and all subversive elements and persons connected therewith, including the completion of all pending and unfinished investigations of such nature.

During the recent special session, the Senator from Colorado (Mr. Johnson), the Senator from Virginia (Mr. Byrd), and I twice offered amendments to the censure resolution having a purpose and wording similar to that of the resolution I am now submitting. Charges had been made that the Senate would terminate or soften its investigation of Communism and subversion. Some said that criticism even of unrelated actions of a Senator who conducted such investigations would give comfort to the Communist Party. Knowing that this was quite contrary to the attitude and intention of the Senate, we offered our amendments to express the true sense of the Senate on this subject. These were objected to on the ground that they were not germane to the pending resolution, and the objections were sustained.

Although not widespread, there has been enough continued misinterpretation of the attitude of the Senate toward the investigation of Communism and subversion to lead many of us to believe that it is still appropriate for the Senate to express itself on this subject. In fact, it is my opinion that this should be one of the first expressions of the Senate as we begin the new session.

Every member of this body, and a majority of the people of the country, undoubtedly know that members of the Senate of the United States yield to no one in their opposition to and their fight against the Communist conspiracy. Our recent actions during the 83d Congress speak louder than words. During 1954 the Congress passed perhaps more antisubversive measures than during any peacetime year. Eight bills were enacted into law, including one which outlawed the Communist Party. In addition, the Senate passed two other antisubversive bills which were not acted upon by the House.

The Senate was liberal in providing all funds requested by its committees investigating Communism and subversion. We cited for contempt several witnesses who refused to testify before our committees, and in many other ways indicated by decisive action the true attitude of this body against the con-

spiracy which would overthrow and destroy our Government.

Likewise, I am sure that actions will speak louder than words on this subject in the present Congress. Under the leadership of the distinguished Senator from Arkansas, (Mr. McClellan) it is certain that the pending and unfinished investigations of subversion in Government agencies will be completed by his committee with dispatch. The experience, ability, and attitude of the Senator from Arkansas on this subject inspire great confidence among us all, and the purpose of this resolution with respect to him and his committee is more in the nature of approving and supporting what we know they will do. They need no suggestion or direction in this regard, but it will of course strengthen and encourage them and the members of our appropriate committees in the work already planned if the Senate makes a renewed expression of its approval and support of diligent and vigorous investigations of the Communist conspiracy and subversive elements and persons connected therewith.

The resolution, although not naming the pending case of a member of the Communist Party, that of Maj. Irving Peress, is broad enough to include our approval of the completion of that investigation. In fact, I consider it to be one of the most important pending items of unfinished business. After being advised of the intention of the Senator from Arkansas and his committee, as well as the possible interest of other committees and of the purpose of this resolution, the Secretary of the Army decided Friday to make public the facts of his investigation and his report on the promotion and honorable discharge of Major Peress. This action was long overdue. It is probable that it will answer most of the questions concerning this particular case, but our committees will be able to determine this after studying the evidence now made available to them for the first time.

It is likely that the Peress case will be remembered in the future not so much for the bungling and inefficiency which resulted in a member of the Communist Party receiving a promotion and honorable discharge from the Army, but for the confusion, suspicion, and discord which can result when the cloak of secrecy and censorship is thrown around the actions of public agencies on matters of public concern.

The Peress case is an outstanding example of the misunderstanding and discord which can result when facts about the people's business are unnecessarily withheld from the Congress and the public. At least a great deal of the fear, doubt, and disunity could have been avoided by a full disclosure of the facts long ago.

Let us hope that the resulting harm from long delay in disclosing the facts in this case will serve to convince other public agencies that there should be the fullest possible disclosure to Congress and the people of nonsecurity information.

While we may rightfully fear unauthorized disclosures of information affecting our national security, we have more to fear from unwarranted concealment of such information. This was one of my first utterances as a member of the Senate when on April 15, 1953, in a speech entitled "Information on the People's Business—Time for a New Policy," I called upon President Eisenhower to revoke Executive Order 10290 —the Truman censorship order. The order has been improved materially by modification, but much yet remains to be done to change the spirit of secrecy and censorship which remains in some of our public agencies.

Mr. President, I am pleased to note that the cosponsors of this resolution are from both political parties and of various shades of opinion on other subjects. It is heartening that so many not only can agree but are willing to join together in clearing the atmosphere and beginning this new session of Congress with a united expression supporting vigorous and diligent investigation and exposure of those who would destroy our way of life. If there is one subject upon which we should have sincere unity and common purpose of action, this should be it.

STATEMENT BY SENATOR McCLELLAN

Senator John L. McClellan (Dem.), of Arkansas, who succeeds Senator McCarthy as chairman of the Investigations Subcommittee, made the following statement on the floor of the Senate, January 10:

. . . The Peress case will be regarded and treated as unfinished business. It will be given prompt consideration by the Committee, and we shall undertake to make such final disposition of it as, in our judgment, is warranted by the circumstances.

STATEMENT BY SENATOR FRANCIS CASE

On January 10, Senator Francis Case (Rep.), of South Dakota, a member of the Watkins Committee which studied McCarthy "censure" charges, issued the following statement:

Secretary Stevens's latest report in the Peress affair is most welcome. It supports my position and the action of the Senate in removing the Zwicker count from the McCarthy censure resolution.

It clearly reveals, as I claimed, that there was a foot race Monday, February 1, 1954: by Peress to General Zwicker's office demanding an honorable discharge at once; by Senator McCarthy to the Pentagon asking the Army to file charges against Peress until his activities could be fully probed.

The evidence originally before the Watkins Committee merely established: 1. That McCarthy on January 30 learned Peress could get an honorable discharge whenever he asked for it; 2. That on February 1 he wrote the Army suggesting a court-martial; 3. That Peress was discharged February 2nd; 4. That just before the Zwicker hearing February 18, McCarthy was given the Army's February 16 letter saying it was impossible to court-martial Peress since he was already discharged.

Not until four members of our Committee met with Secretary Stevens in Watkins's office November 13 did we know that McCarthy had actually requested court-martial before discharge. Stevens showed us McCarthy's letter. And then, not until Stevens, out of town February 1 and 2, went back and checked the records could he tell us that McCarthy's letter was received and reviewed before the discharge was consummated. Only then was it proven that the Army had weighed the request of a Senate committee chairman against that of a suspected subversive and decided in favor of the latter.

It should now be clear to everyone that it would have been a bad precedent for the Senate to censure the chairman of a Senate committee for losing his patience against that background even though we did not approve the language he used and even though we voted censure on other unrelated conduct.

PLUS & MINUS
Latest Indicators of Business Activity

Business activity is expanding strongly as gains in production, retail trade and construction all come at the same time.

Factory output rose to 133 on the indicator in the week ended January 8, a new high since October, 1953, and only 4 per cent below the 1953 peak.

Steel mills scheduled output at 81.8 per cent of capacity in the week ended January 15 to produce the largest tonnage since November, 1953.

Auto manufacturers are still trying to build up dealer stocks before the end of May, when labor contracts of two major producers expire. Output in the week ended January 8 was the largest in more than four years. A production of nearly 2 million cars—at least a third of the year's output—is expected in the first quarter.

Retail-store sales bulged to a record high of 182.7 billions per year in December, 6 per cent above November, 9 above December, 1953.

Home building soared to a rate of 1,473,000 units per year in December, just below the August, 1950, record.

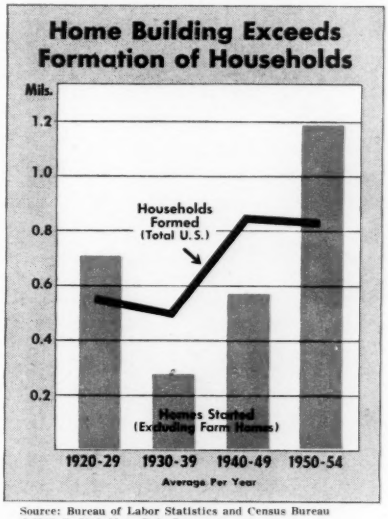
Easy terms for home purchases continue to spur building activity. Homes started under VA and FHA financing have risen to 56 per cent of total starts, from 39 in 1953. In December, VA-appraisal requests were 132 per cent above December, 1953. FHA applications on new homes were up 81 per cent.

A rush to lend lifted mortgage recordings on new and old homes to a record high in November, 39 per cent above November, 1953.

U. S. households—the number of occupied dwelling units—are increasing much less each year than the number of new homes built. As the top chart shows, households increased an average of 836,000 per year in the years 1950 through 1954. Starts of nonfarm homes averaged 1,184,000.

The excess of homes built over new households may have been even larger in 1954. Official estimates, tentative so far, indicate an increase of only 559,000 in households in the year ended April 30, 1954. That is less than half the 1,215,500 homes built in 1954.

A rise in the number of households formed each year is not due until early in the 1960s. Official estimates indicate little or no increase from 1955 to 1960.



Source: Bureau of Labor Statistics and Census Bureau
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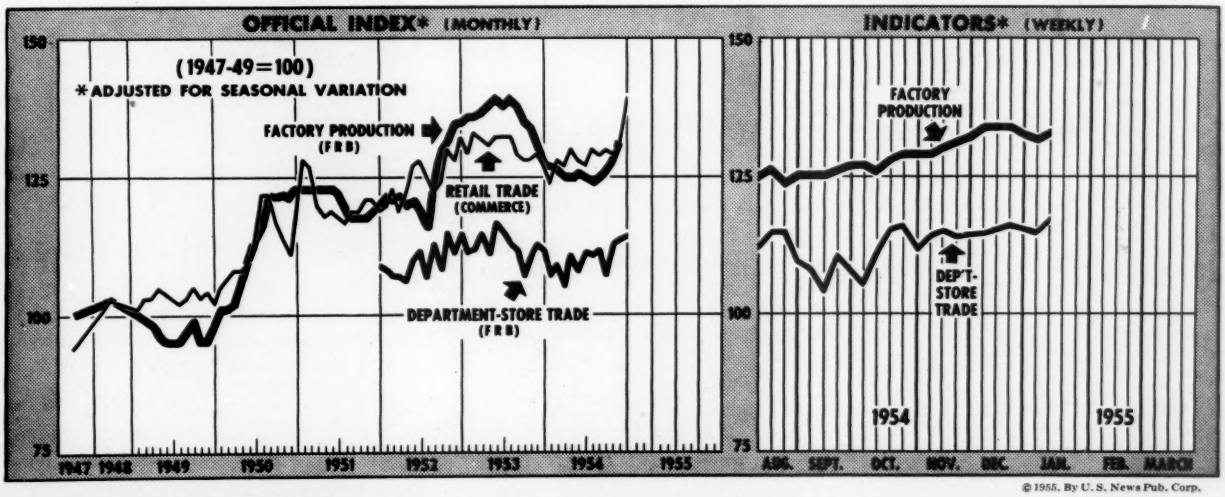
Vacant dwelling units, some officials believe, are growing in number at a rather fast rate. Recent surveys, official and private, show only a gradual increase in vacancies. A really broad survey, however, has not been made in a long time. Most of the vacancies are likely to be in farm areas, small towns and city slums, not fully covered by recent studies.

Removal of many dwelling units from the housing supply is also taking place. Old homes are being razed to make room for stores, parking facilities, highways. Slums are being cleared away. Each year, fire takes a toll of homes. Still others are converted into stores.

The flow of population from farms, towns and small cities to the big metropolitan areas is still taking place. This leaves many homes vacant, but not in the large cities where most of the building is going on. Cities with a population of over 50,000 form the nucleus of the large metropolitan areas. These areas account for more than four fifths of nonfarm home building. Yet they have only two thirds of the nonfarm population.

Suburbs are still mushrooming. In Boston's suburbs, construction of all kinds is 7 times what it is in the city proper. It is 6 times in Buffalo; 5 in Washington, D.C.; 4 in San Francisco and Detroit; 3 in Chicago and Cleveland; 2 in New York, Los Angeles and Baltimore.

Rapid growth of home building and auto output has helped bring about the strong business recovery now in progress. The recovery will slow, perhaps halt for a while, if activity turns down in these industries.



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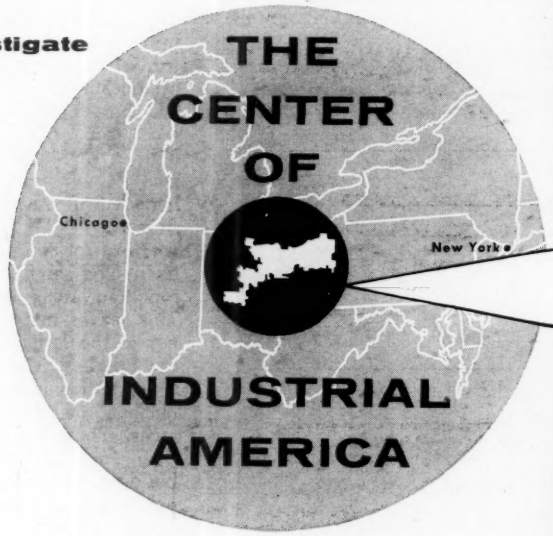
IF MANPOWER is important to your PLANT LOCATION,

investigate



There's a natural concentration of executive, skilled and unskilled manpower in THE CENTER OF INDUSTRIAL AMERICA—developed here by the tremendous business potential of such an area.

You will also find an abundance of intelligent and ambitious learners for every job, skilled and unskilled. In addition to 1297 high schools and 182 trade schools in the area, 61 colleges in Ohio and 86 more in Pennsylvania provide an ever-increasing reserve of manpower.

Many additional factors combine to make this a desirable area. Here, you are away from bottlenecks and congestion—yet you're next door to major markets and largest suppliers. For a checklist of the many factors, send coupon today.

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AKRON 8, OHIO

Mr. Walter T. Ackley, General Supervisor of Area Development
Ohio Edison Company, Akron 8, Ohio
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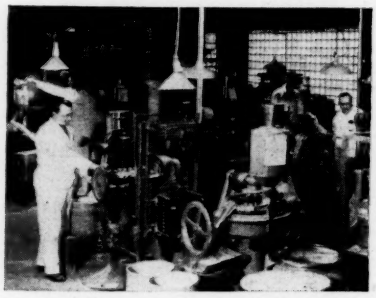

EXPERIENCED CRAFTSMEN—there is a higher percentage of skilled labor per thousand population in this region than anywhere in the nation, according to U.S. Department of Labor statistics.

RESEARCH SKILL—here, much important research is centered, conducted by universities, industries and independent research organizations . . . stimulating new products, new methods, new business.

SCHOOLS, COLLEGES and TRADE SCHOOLS—provide specific training to meet industry's needs . . . a ready supply of well-prepared youth to man your machines, office staffs, etc.

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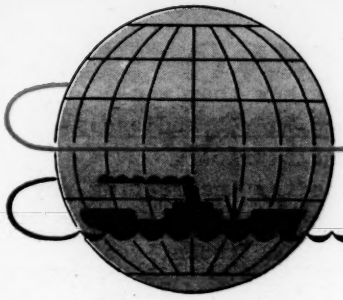


Business Around the World

PARIS • WASHINGTON • WELLINGTON

›› How to build sales is the big question now in European business circles.

Europe's factories are spewing forth goods in mounting volume. Exports are going well. But it's the home-market potential that's getting new attention.

Mass production calls for mass selling. Many European businessmen, from Dublin to Helsinki, from Lisbon to Istanbul, are eager to learn and to try out American sales methods. The business traditionalists who believe in low volume and high markups are gradually losing ground.

These are the chief findings of two teams of American sales executives just back from an eight-week tour of all Western Europe. This is the fifth such tour since 1950 sponsored by National Sales Executives, a U.S. trade group.

These teams explain American selling techniques and devices to audiences of European businessmen. Aim is to enhance the prestige of American business and to promote over-all trade.....It's a sort of private Point Four program.

›› High points from the two teams' observations on European reactions:

Optimism and confidence are running high among the several thousand businessmen they spoke to. Outlook now is rosier than at any time since the war.

Eagerness to learn American sales methods is greater than before. With more things to sell, Europeans are wondering more about their generations-old sales routine. The old fear of overproducing pops up here and there, though.

Especially striking was the constant amazement of these business audiences that the Americans would come over and tell their "secrets"--their marketing techniques, their promotion costs, even their own salaries, etc. European businessmen seldom share this type of information.

›› The NSE teams found interest very high everywhere in installment selling. This is still really in its infancy in Europe but now is spreading rapidly--in Britain, France and Switzerland, for example.

In the Vienna meeting, there was particular interest in buying on time.

An Austrian clothes manufacturer told of his experience with it. He set up a modern plant to make women's clothing, especially suits. He put up many posters of smartly dressed American women throughout his factory. Noticing these, his women employes soon began to buy his suits, as well as shoes, lipstick, etc. After a while, however, he noticed they seemed to stop working harder to be able to buy such things. He found this was because they had bought all they could with current earnings. The boss then established a private installment-buying system for his employes. It has worked beautifully.

The Austrians, impressed by this story, now are banding together to bring over an American consultant on installment selling.

(over)

>> One NSE team went to Yugoslavia, its members wondering how they would be received in that Communist country. But their Belgrade and Zagreb audiences were the most enthusiastic and among the largest on the whole trip.

In Zagreb, the Americans asked some of the Yugoslavs after the meeting why they were Communists. The evasive answer: "We don't know any different."

The Yugoslavs were most interested in this question: Which incentives are most effective to make people work harder?

>> Most frequently asked question during the course of the teams' trip:

What is the basis of American business success over the years?

Answers: (1) competition; (2) obsolescence--willingness to throw out the old and try out the new; (3) adequate credit facilities; (4) the science of salesmanship. Many European businessmen boggle particularly at this concept of obsolescence. In the Madrid meeting, it was found that there isn't even a precise Spanish word for "obsolescence." They never heard of the concept.

"Competition," too, is a word with little meaning in some corners of Europe.

>> The NSE teams found Europe's businessmen continue to have certain well-established misgivings about American selling. For example:

Advertising. It was about U.S. advertising methods that these Europeans would say most often, "We can't do that here." Usually this referred to radio and TV commercials and other types of expensive American promotion. Some objected that, if they paid so much for promotion, people wouldn't buy because they would think the producing company had too much money already!

Door-to-door selling seems to be a fairly obnoxious technique to many Europeans. A dour Dutchman called all salesmen of that type "bums." The reply was that 80 per cent of all American salesmen are college graduates--a fact that seemed amazing in Amsterdam.

>> Net impression of these American sales executives is that Western Europe is on the threshold of a revolution in selling methods. Purchasing power of workers there increased more in 1954 than ever before. A huge mass market is developing. Alert salesmanship can really pay off, the way things look now.

>> Despite the best efforts of U.S. Government officials, disposal of U.S. farm surpluses overseas isn't keeping up with additions to Government holdings of farm surpluses at home.

Uncle Sam's cache of farm products rose from about 6 billion dollars' worth on July 1 to nearly 6.9 billion on November 30.

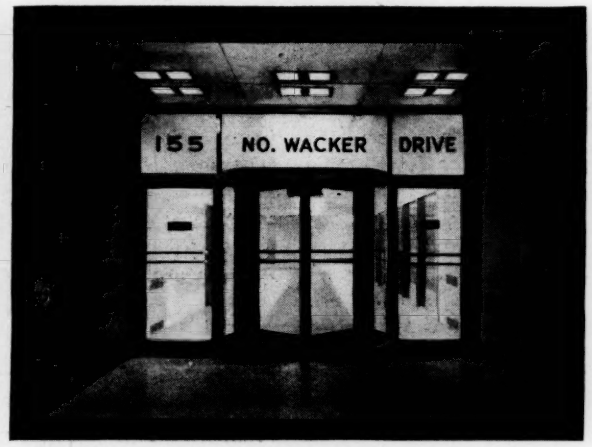
Uncle Sam's unloading operation since July 1 has arranged to dispose of some 800 million dollars in surplus farm products--very largely abroad. Main items in the deals are grain, cotton, fats. Countries such as Turkey, Japan, Yugoslavia, Pakistan are on the receiving end.

Dumping is what some countries call these arrangements. Thailand and Burma say U.S. rice deals are taking away their markets. New Zealand, Australia, Denmark and others don't like U.S. butter deals. And they will like them less now that the U.S. no longer sets a minimum price on butter exports.

U.S. agencies are not supposed to upset normal marketing with these deals.

It's a debated question whether the surplus-disposal program overseas is making more friends or more "enemies" for the U.S.

your own new building without capital investment



We will finance and build your factory or office building. And we will assume all the details of your complicated building problem—freeing you from the multiple negotiations that are so costly in executive time.

If you turn your building problem over to Galbreath, we will:

- Acquire the land
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- Handle the entire financing
- Construct factory or office building
- Name it for your company
- Manage the completed property

One-Stop Building Service

When you entrust your building problems to us, you get a packaged service. You have only one organization to deal with while the building is being planned, while it is going up and after you have moved in. But you get the convenience, efficiency and prestige of your own building.

No Investment Needed

The complete Galbreath service is exemplified by a building finished recently in Chicago. Designed and constructed as midwestern headquarters for the Sinclair Refining Company, it bears the tenant's name and it serves his purpose without obligating him for investing in property, maintenance or management.

Our Experience an Asset to You

Take advantage of our quarter-century of experience building factories, office buildings, warehouses, and even entire communities. A few Galbreath projects: U. S. Steel-Mellon Bank Building, Pittsburgh; Celanese Corporation of America, general office building, Charlotte, N. C.; Continental Baking Company, Hostess Cake Bakery, Los Angeles; Socony-Vacuum Building, world's largest commercial air-conditioned office building under construction in New York City; factory buildings for St. Regis Paper Company, Providence, R. I., and Franklin, Va.

The Sinclair Building, recently completed in Chicago. With year round air conditioning, electronic elevators, hung acoustic ceilings and flourescent lighting, it is the city's most modern structure. Holabird & Root & Burgee, Architects and Engineers. Turner Construction Company, Builders.

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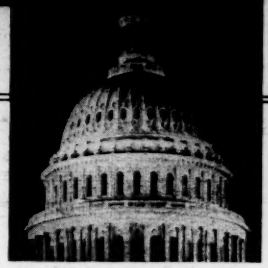
(This page presents the opinion of the Editor. The news pages are written by other staff members independently of these editorial views.)



THE WAR GOES ON

BY DAVID LAWRENCE

WISHFUL THINKERS keep talking about the state of "peace" in the world, but there is no peace.

First we are told exultantly by Government speechmakers on the stump that, for the first time in many years, there is no "war" in progress.

Then a few weeks later, when in one raid as many as a hundred bombing planes attack the islands off the coast of China—near Formosa, which we stand committed to defend—the words are altered, and it is euphemistically declared that at least there is today no "active theatre of war."

Any moment, however, according to Peiping dispatches, the Red Chinese may launch an invasion of the Nationalist stronghold on Formosa, and we shall be plunged into armed conflict.

In Indo-China every day the news dispatches tell of how the Communists are completing their conquest as they entrench themselves in an area which they promised to free from "colonialism."

Southeast Asia as a whole is nervous about Communist aggression.

Korea is seething with apprehension and unrest.

Japan is worried about how to rearm.

The sequence of events is disturbing. The Red Chinese ignore all talk about "peaceful coexistence" and announce that they have sentenced as spies eleven American airmen captured in uniform during the Korean war.

Senator Knowland, Republican leader, says a naval blockade should be applied if the flyers are not released. He is much criticized by peace-at-any-price elements who accuse him of wanting a "preventive war."

Admiral Radford, Chairman of the Joint Chiefs of Staff, comes back to Washington from a trip to Asia and says to the press that he thinks a naval blockade could be very effective.

The Assistant Secretary of State for Far Eastern Affairs, Walter S. Robertson, makes a speech declaring that Red China has a gangster government and should not be recognized or admitted to the United Nations. He cautions that expansion of trade with Red China would be a grave error.

The Secretary General of the United Nations, after a visit to Peiping, reveals in New York that he hasn't been able to win the release of the Americans held by Red China. But he states that this is only the "first stage" of his contacts and that patience is needed. Memories of Panmunjom!

What a sorry picture the Western nations present to the world! Patience is a necessary virtue, but patience can easily be misconstrued as weakness unless there is some manifestation of an intended firmness.

Congress is back in Washington and its members, irrespective of party, are restive about the situation in Asia. Senator Price Daniel of Texas, one of the ablest of the Democratic Senators, says a deadline should be set for the release of the airmen and every means available used thereafter to get them back.

Senator H. Alexander Smith, Republican of New Jersey, says he favors asking our allies to join with us in a blockade if the flyers aren't freed.

On an entirely different front, news dispatches are coming in regularly telling of spy activities within the governments of the free nations.

Also inside the most secret installation in Washington, where code analysis is carried on, Joseph S. Petersen, Jr., government employe and scientist, has been caught stealing confidential code documents and furnishing information from them to an official of a foreign embassy. For more than four years—from 1948 to 1952—Petersen has been pilfering secret documents. They were so important that much of the court proceedings were held in private by the judge. Petersen was caught partially because of a security recheck on all employes ordered by the Eisenhower Administration. He confessed his crime and was sentenced to seven years in jail.

There's a war on. But there are many persons inside and outside Washington who feel complacent about it. Some in Congress would prefer to spend their time attacking the Eisenhower Administration for the way it handles "security risks." These members of Congress are apparently interested in throwing up barriers of a legalistic nature to make it more difficult for our Government to protect itself in ferreting out the "security risks."

What catastrophe must happen before the vast body of Americans and their representatives in Congress become convinced that the enemy is infiltrating our country and our institutions and that a war is going on all over the world to undermine free governments and threaten our safety?

Wishful thinking will not bring us a state of peace. Only manifestations of courage on our part will make the enemy abandon its aggressive behavior. When will we begin to recognize that we are in a state of war? It's not the kind of war we have fought before, but a war waged by Communist imperialism inside every free country in the world.

Another new development using

B. F. Goodrich Chemical *raw materials*

B. F. Goodrich Chemical Company does not manufacture these doors. We supply only the Geon resin for the extrusions.

Folding door hinges on Geon

HERE'S a new type of accordion-fold door which gives you the beauty of true wood paneling with hinge action of flexible, durable extruded strips of Geon polyvinyl. These doors can be made in sizes large enough to give you that "extra" room. They have no floor track and travel quietly on overhead wheels.

The doors come in a choice of custom woods or painted standard finishes and the Geon vinyl strips match or contrast as desired. Lifetime flexibility and trouble-free operation are Geon's contributions to a good idea.

This folding door idea may spark a new sales development or product improvement for you. Extruded and molded parts made of Geon vinyl are used in many ways—wire and cable insulation, auto and refrigerator gasketing, toys and garden hose. Many more uses are possible and practical. Geon is versatile—it can be made rigid or flexible, clear or colored. For helpful technical information about Geon, please write Dept. N-1, B. F. Goodrich Chemical Company, Rose Building, Cleveland 15, Ohio. Cable address: Goodchemco. In Canada: Kitchener, Ontario.

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GEON polyvinyl materials • HYCAR American rubber and latex • GOOD-RITE chemicals and plasticizers • HARMON colors